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## NEWS SUMMARY

### GENERAL

## Schmidt defends Kremlin summits

Chancellor Helmut Schmidt has strongly defended the recent West German and French summit talks with the Kremlin leadership.

He hinted that Moscow may make concessions on Afghanistan as a result of his meeting with Soviet President Leonid Brezhnev.

His comments came as French President Valery Giscard d'Estaing started his first visit to West Germany. It is understood that the two leaders compared impressions of the state of Soviet leadership; of the chances of a total withdrawal from Afghanistan; and of the Kremlin attitude to strategic arms talk. Back Page

### Drugs ring swoop

Customs investigators swooped on a London-based drug smuggling ring after a car chase through West London in which £100,000-worth of cocaine was recovered. Six men and three women were helping inquiries.

### Police killed

Raiders shot dead two policemen who chased their getaway car after a £35,000 bank raid in Co. Roscommon, in the Irish Republic.

### Gormley warns

The Government should reimpose import controls on coal to safeguard the future of the British industry, National Union of Mineworkers' president Joe Gormley told the union's annual conference at Eastbourne. Back Page

### Airline strikes

A strike by stewards and stewardesses has grounded all planes of Olympic Airways, the national Greek airline. The entire fleet of Air Portugal was grounded for the 15th consecutive day by a pilots' strike.

### Rates Bill

The Government Bill to introduce a block grant system for local authority rate support is running into difficulties, says a confidential study by civil servants. Page 8

### Desert hunt

Arizona police are hunting for illegal immigrants left stranded in the desert without water by border smugglers. Thirteen survivors and 13 bodies have been found.

### Coral hearing

Breaches of the gaming laws at the four London casinos of the Coral Leisure Group made the company unfit to hold gaming licences, a QC told Licensing Justices. Back Page

### Ohira successor

Former Agriculture Minister Zenko Suzuki appears to be emerging as the compromise candidate to succeed the late Masayoshi Ohira as Prime Minister of Japan. Page 4

### Observer talks

The threat of closure at the Observer was lifted once more after talks between management and print unions.

### Butler jailed

Butler Shane St. Dennis, 48, who worked for Lady Rothermere, wife of the chairman of Associated Newspapers, was jailed for four years for stealing from her Belgravia home.

### Briefly . . .

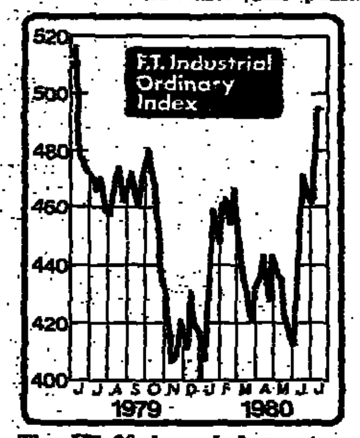
Homes have been found for three baby bears facing a possible death sentence at London zoo.

Police believe the public is ready to accept the introduction of random breath tests.

### BUSINESS

## Equities up 11.2; Gold puts on $10

● EQUITIES rose sharply on *optimism about a rapid fall in* interest rates later this year.




The FT 30-share index put on 11.2 to close at 495.8. Page 36

● GILTS were firm and the Government Securities index rose 0.37 to close at 70.34. Page 36

● GOLD continued to improve in London, closing $10 higher at $676.5, its highest level since February 13. Page 33

● STERLING rose to its highest level against the dollar since March 1975. It closed at $2.3825, a rise of 2.4c from Friday's close. Its trade-weighted index rose to 74.4 (74.1).

DOLLAR closed at its worst *level of the day against most* currencies, finishing at DM 1.7385 (DM 1.7525). Its trade-weighted index fell to 82.8 (83.2). Page 33

● WALL STREET was 7.42 up at 896.33 near the close. Page 34

● RETAIL SPENDING is falling sharply. The drop in new car registrations has led to a decline in new consumer credit business. Page 9

● PENN CENTRAL, the rehabilitated remains of the bankrupt railroad, announced plans to buy GK Technologies, one of the largest U.S. cable-makers, for over $500m (£212m). Back Page

● BUILDING SOCIETIES and the *Government* have agreed that past efforts to control house *prices by setting lending limits* have been unsuccessful. Page 8

● TEXACO and Gulf Oil are faced with additional construction costs of $180m (£76m) for their joint oil refinery project at Pembroke, South Wales. Page 8

● FURNITURE industry and *Department of Trade are to* make a plea to the EEC for anti-*dumping action against Eastern* Europe. Page 8

● SAUDI ARABIA, the world's largest oil exporter, will maintain its current 9.5m barrels a day crude oil output for the third quarter this year, according to the Middle East Economic Survey.

● ESSO CHEMICAL made pre-tax profits of £13.7m last year compared with £13.2m in 1978. The company blamed "major cost increases" in fuel and materials for its "poor results." Page 24

● MAY and HASSELL, timber *importer*, reported second *half* pre-tax profits sharply up from £192,000 to £912,000. Figures for the full year to March 31, 1980 advanced from £924,000 to £1.84m. Page 24

● ASSOCIATED LEISURE, amusement machine group, finished the year to *March 16*, 1980 with profits up from £4.97m to £5.3m. Page 24

● HEYWOOD WILLIAMS, the building materials group, reported pre-tax profits up slightly from £1.03m to £1.04m. Page 24

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

### RISES

| | | |
|---|---|---|
| Treasury 3% 1985 | £69¾ | + ¼ |
| Treas. 11¾% 2001-04 | £91¼ | + 1¾ |
| BAT Inds. | 287 | + 9 |
| Baker Perkins | 82 | + 5 |
| Blue Circle | 368 | + 10 |
| Border Breweries | 92 | + 6 |
| Costain (R.) | 178 | + 10 |
| Distillers | 216 | + 8 |
| ERF | 65 | + 9 |
| European Ferries | 189 | + 7 |
| GEC | 446 | + 18 |
| Greenall Whitley | 213 | + 8 |
| Hambro Life | 251 | + 8 |
| Hutchison Whampoa | 93½ | + 9 |
| Jardine Secs. | 94 | + 7 |
| Lucas Inds. | 206 | + 8 |
| MK Elec. | 185 | + 12 |
| Marks & Spencer | 95 | + 4 |
| P. & O Defd. | 124 | + 5 |
| Phoenix Assurance | 268 | + 8 |
| Provident Financial | 137 | + 9 |
| Ransomes Sims | 155 | + 13 |
| Reckitt & Colman | 214 | + 12 |
| Stelux | 58 | + 6 |
| Tate & Lyle | 156 | + 8 |
| Tube Invs. | 276 | + 12 |
| Turner & Newall | 127 | + 6 |
| UDT | 64 | + 4 |
| Deelkraal | 258 | + 20 |
| Greenvale Mining | 255 | + 30 |
| South African Land | 444 | + 32 |
| Sthn. Pacific Ptrlm. | £13¼ | + ¾ |

### FALLS

| | | |
|---|---|---|
| Johnson Matthey | 388 | − 10 |
| Attock | 268 | − 14 |
| Carless Capel | 140 | − 9 |
| Clyde Petroleum | 550 | − 40 |
| Lennard Oil | 76 | − 6 |
| RTZ | 457 | − 8 |
| Samantha Explortn. | 136 | − 8 |
| Silvermines | 144 | − 10 |

# Thatcher cuts pay rises of MPs and top public servants

BY JOHN ELLIOT AND RICHARD EVANS

SUBSTANTIAL salary increases proposed for MPs and top public servants have been cut by as much as a half in an attempt by Ministers to prevent the next public sector pay round starting with rises of 20 per cent or more.

The increases, proposed in *reports by the Boyle Review* Body, would have increased top salaries by up to £10,000 a year. They would have averaged about 25 per cent for nationalised industry chairmen and other top public servants such as senior judges, civil servants and officers of the armed forces.

Now these groups will receive rises averaging 12½ per cent with the salaries of the chair*men of most major nationalised* industries rising to between *about £48,000 and £58,000, back*dated to April.

MPs' pay will rise about 9.6 per cent from £10,725 to £11,750 in June, followed by a broadly similar percentage increase next year. The comparable immediate increase for Cabinet Ministers has been cut to 5 per cent.

The announcement, made by Mrs. Thatcher, the Prime Minister, in the Commons, brought protests from MPs that Ministers had reneged on firm promises, and criticism from public servants that differentials would be further eroded.

But despite the protests, the Cabinet's proposals are expected *to be accepted by Parliament* when the necessary Orders are *laid next week.*

Labour MPs will vote against them on a free vote, but Tory back-benchers, although unhappy, are expected to back the Government.

The figures were reached, after agonising in the Cabinet for several weeks, to provide single-figure increases. But the *Government's* arithmetic was already under fire last night on several counts.

Critics pointed out that the MP's increases are only a part of salary rises received this year. MPs have just had a payment from awards announced *last year and this puts their* increase over the past 12 *months to around 20 per cent.*

At the same time, the Prime Minister appeared to be trying to soften the blow of halving the public servants' average 25 per cent increases by introducing a new, but unsubstantiated claim that the "general level" of the review body's recommendations was 19 per cent. This enabled her to blur the *figures and argue that she was* only cutting the increases by a third *to reach 12½ per cent.*

Later Mrs. Thatcher was *severely criticised by spokes*men for the nationalised *industry chairman* and board members who have had their *pay rises* cut at frequent intervals over the past six years.

The Boyle Review Body showed in its report that it is as frustrated as the chairmen

**Continued on Back Page**

***Boyle report, Page 12***

***Editorial comment, Page 22***

### HOW THE INCREASES HAVE BEEN PRUNED

| Job | Present Salary £ | Boyle Recommendations £ | New Salary £ | Increase % |
|---|---|---|---|---|
| Permanent Secretary* | 28,500 | 34,000 | 31,000 | 8.8 |
| Field Marshal | 31,000 | 37,000 | 33,500 | 8.1 |
| High Court Judge | 28,500 | 35,000 | 32,000 | 12.3 |
| M.P. | 10,725 | 12,300 | 11,750 | 9.6 |
| Chairman of: | | | | |
| BNOC | 53,500 | 63,500 | 58,500 | 9.3 |
| British Steel | 48,500 | 57,500 | 53,000 | 9.3 |
| British Rail | 44,000 | 52,500 | 48,000 | 9.1 |
| British Airports Authority | 31,000 | 37,000 | 34,000 | 9.7 |

* excluding permanent secretary to the Treasury

# Nurses accept 14% pay deal

BY PAULINE CLARK, LABOUR STAFF

NURSES in Britain's biggest health service union have voted to accept a 14 per cent pay offer.

The vote, by the 130,000 nurses in the Confederation of Health Service Employees came despite a COHSE executive recommendation to reject the offer. But the ballot result, with *only a 3,000 majority in favour* of acceptance, was the nar*rowest in the union's history.* The union, which had been *seeking a 30 per cent rise*, said last night that if its nurses *were not* quickly given assurances of justice in future, further consideration would be given to industrial action in the autumn.

The National Union of Public Employees, representing 80,000 nurses, also announced yesterday that its ballot on the pay offer had produced a slender majority—600—in favour of acceptance.

The third main union involved, the Royal College of Nursing, representing 140,000 nurses, is expected to announce its acceptance of the offer today following consultations with its members in the past few weeks.

The RCN is balloting its members on whether to change its rules to allow industrial action. *The College's leaders* have recommended rejection, *however, because they believe* action would ultimately harm *patients.*

Mr. Albert Spanswick, general secretary of COHSE, said his union would press today at a joint meeting of all the unions negotiating for the pay of Britain's 490,000 nurses and midwives for an early meeting to be sought with Dr. Gerard Vaughan, the Health Minister.

Whether nurses would take industrial action later this year, he said, would depend on the *Government's response to union* demands for immediate guarantees of a better long-term deal for nurses.

The unions wanted more cash to clear up pay anomalies and also sought a formula that would protect nurses' pay from future erosion.

The COHSE ballot produced acceptance of the offer from 202 branches and rejection from 189 branches. This represented acceptance by about 67,000 nurses and rejection by 64,000.

Mr. Spanswick said: "The Government should be warned against interpreting this result as an endorsement of its policies."

Their acceptance was "only *with the greatest reluctance*" and took into account the wel*fare of patients.* "*The Govern*ment must understand that a *large number of nurses remain* aggrieved."

***NUM conference, Back Page***

# BP in record takeover bid

BY CHRISTINE MOIR

BRITISH PETROLEUM has broken the record for a UK takeover bid with a £410m agreed offer for Selection Trust, the mining finance house. The bid is the biggest in the UK in cash terms, though Grand Metropolitan's £380m takeover of Watney Mann in *1972* still stands as the largest merger in real terms.

After three weeks of negotiations BP has won the support of the boards of Selection Trust and *Charter Consolidated*, the largest shareholder with a 26 *per cent stake, to a share and/or* cash bid worth 83 per cent *more than Selection's market* value ahead of the bid approach.

*BP is offering 18 of its own* shares for every five Selection. With BP's shares back from suspension 16p lower at 358p, this is worth £12.90p a share.

There is a cash alternative of £12.75p and shareholders may accept any mixture of cash and shares.

Mr. John Du Cane, chairman of Selection said: "At that price we had no choice but to put the offer to shareholders. *They stand to make a signifi*cant capital gain and their *income goes up* by about 174 per cent. We could not hope to match that for a number of years."

The advantage for *management* is that Selection will be absorbed whole into BP's mineral division and will be able to spend significantly more on exploration than its present £7m or so.

"We didn't want to see the *company dismantled, and* BP feels the same," Mr. Du Cane said.

*The* only exception is likely to be the Alexander Shand *businesses of Selection, which* range from coal mining to civil *engineering.*

Charter, whose holding is now worth £104m on the basis of the cash offer, wants to buy Shand. BP has agreed to "arm's length talks" on this and possible participation by Charter in its UK North Sea oil interests, if and when the main offer goes through.

Charter's acceptance of the *bid could still be subject to the* approval of its own share*holders. The company said* yesterday that it was awaiting *a Stock Exchange ruling on* whether permission need be *sought to accept the offer* and to reinvest part of the proceeds *in Shand and the North Sea.*

**Mining News, Page 26**

***Lex, Back Page***

# Sterling jumps sharply

BY OUR ECONOMICS CORRESPONDENT

STERLING yesterday jumped sharply against other major currencies and generally closed at higher level than *before last Thursday's cut in* Minimum Lending Rate.

The pound rose 2.4 cents against the dollar to $2.3825, its highest level since March 1975 and 2¼ cents higher than on Thursday morning.

Sterling was also strong yesterday against the main Continental currencies, though generally it only regained the losses of last Thursday.

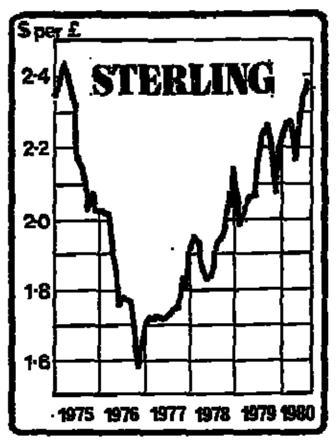
*Much of this demand came* late in the day and may not have been fully reflected in the Bank of England's trade-weighted index, which measures the average value of sterling against a basket of currencies. This rose by only 0.3 points to 74.4, the same as its level on Thursday morning.

*The further rise in the* pound *disappointed the hopes* of many industrialists that a *fall in UK interest rates* would take some of the *upward pressure off sterling.*

This has not happened, at least so far, partly because the one-point fall in MLR to 16 per cent has only slightly reduced the difference between yields in the UK and those abroad. Moreover, hopes of capital profits following a fall in UK bond yields *may have boosted foreign* demand for gilt-edged stocks, *and hence for sterling.*

The rise in the pound has also reflected the renewed weakness of the dollar caused by expectations of a further decline in U.S. interest rates.

The U.S. currency dropped sharply yesterday against the D-mark and the dollar's trade-weighted index, as calculated by the Bank of England, dropped by 0.4 points to 82.8.




West Germany is not about to follow the U.S. and Britain by easing its strict monetary policy, according to participants at the Basle meeting of central bankers. Back Page.

# Indices show fall in inflationary pressure

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INFLATIONARY pressures in *the UK are clearly easing,* though partly at the cost of a squeeze on industry's profit margins.

Wholesale price indices for June, published yesterday by the Industry Department show that the rate of increase of raw material costs is moderating significantly. Also the competitive pressures of the recession and the strong pound are limiting industry's ability to raise its prices.

The result is likely to be a slower rate of increase in shop prices in spite of the accelera*tion in the rate of earnings* growth over the past year.

*The 12-month rate of retail* price inflation has probably *already peaked at the May* figure of 21.9 per cent. A slight *fall in the rate is likely to be* shown by figures due at the end of next week and a big drop will come next month when price rises caused by last summer's increase in Value Added Tax drop out of the comparison.

Many economists believe that the 12-month rate could be down to between 16 and 17 per cent, or even slightly less, by the end of this year.

The key indicator is the trend of output prices charged by manufacturing industry on its *UK sales. Last month this index* rose by about 1 per cent to 201.0 *(1975=100)* with the result that the three-month rate of increase slipped to 3.4 per cent compared with nearly 6 per cent in March.

In the 12 months to June this index rose by 17.6 per cent compared with an 18.7 per cent rate in May.

The competitive restraints on price rises have been shown by the recent Confederation of British Industry report that the number of companies planning to raise prices over the next *four months is the smallest for* 7½ years. But labour costs have still been rising sharply so that *profits, especially of manufac*turing companies, have been tightly squeezed.

The pressure from rising raw material costs is, however, easing in spite of the recent rise in crude oil prices. The index for industry's raw material and fuel costs rose by about ½ per cent last month to 201.3 (1975=100). This index has risen by less than ½ per cent over the past three months as a whole following a 6.9 per

This slowdown reflects both the *impact of the appreciation* of sterling on the cost of *imported goods and the fall in* many non-oil commodity prices caused by the deepening world recession.

The raw materials cost index rose by 20.8 per cent in the year to June. This compares with a 23.2 per cent rate in May and a peak of over 29 per cent in March.

The index for materials purchased by manufacturing companies outside the food, drink and tobacco sector rose by ½ per cent last month. Higher prices for gold accounted for almost three-quarters of this increase. *The prices index for materials* other than crude oil for com*panies in this sector increased* by 1 per cent.

The prices charged by manufacturing companies outside the food, drink and tobacco sector rose by 1½ per cent last month. Higher prices for petroleum products and vehicles accounted for just over half of this increase.

**Retail sales, Page 9**

### WHOLESALE PRICES

| (1975=100) | | Materials and fuel *purchased* | Output (home sales) |
|---|---|---|---|
| 1979 | 1st | 153.4 | 161.6 |
| | 2nd | 163.3 | 168.0 |
| | 3rd | 169.9 | 176.4 |
| | 4th | 183.9 | 181.8 |
| 1980 | 1st | 197.2 | 191.4 |
| | 2nd* | 201.4 | 199.0 |
| | April | 202.3 | 197.0 |
| | May* | 200.5 | 199.1 |
| | June* | 201.3 | 201.0 |

* Provisional

Source: Department of Industry

**AVERAGE living standards began to fall in the first three months of the year, new figures reveal. Measured by real personal disposable income, they dropped 1½ per cent from the previous quarter, though a reduction in savings cushioned the impact on demand, and consumer spending actually rose 2 per cent. Gross trading profits of industrial and commercial companies dropped by 9 per cent. Back Page**



## CONTENTS



*For latest Share Index 'phone 01-246 8026*

# Belgium's part-time armies trouble NATO planners

BY GILES MERRITT IN BRUSSELS

WHEN BELGIUM'S air force roars low over Brusels and King Baudouin leads a large parade of troops and armour through the city to mark the "*fête nationale*" *on July 21, most* onlookers will get the impression the country takes its national security seriously.

Most Belgians know this is far from the truth. The country has of late been wracked by controversy over the dangerous weakness of its armed forces. The situation has now deteriorated to a point where it is preoccupying Belgium's NATO allies. Not long ago Dr. Joseph Luns, the alliance's Secretary General, took the unusual step of seeking a private meeting with Mr. Wilfried Martens, the Prime Minister, to tell him as much.

This year has already seen open confrontations between the Belgian military command and the government over the run-down in the armed forces' strength. At the same time, the NATO partners' resentment over Belgium's waning contribution to the conventional forces has been accentuated by its failure to support important policies on the nuclear front.

At last month's meeting in Ankara of the North Atlantic Council, Nato defence and foreign ministers put pressure on Belgium to *say clearly* that it will site 48 new-generation Cruise missiles on its soil as part of the alliance's "theatre nuclear forces" build-up of advanced medium-range weapons to restore the balance that now favours the Warsaw Pact. In spite of further pressure in Brussels, again from Dr. Luns, *after last week's Soviet offer to* take part in negotiations to limit these missiles, Belgium has still to make its policy plain. But Dr. Luns said that Belgium's failure to make a clear

**It has been said it would be 'murder' to commit Belgium's relatively high proportion of conscript troops in action against the Warsaw Pact.**

commitment would seriously weaken the West's negotiating position.

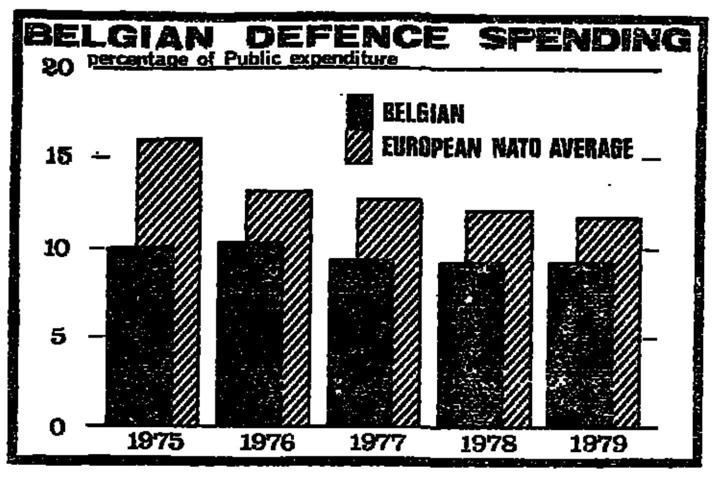
Tough opposition from Belgium's Flemish Socialists, who are to a large extent following the lead of their devoutly pacifist colleagues in the Netherlands, has had much to do with Belgium's reluctance to accept the missiles.

That Belgium and the Netherlands have emerged as the small, stuck cogs that have caused the entire NATO nuclear machine to start grinding to a halt may well lie behind the *open irritation with Belgium's* declining military contribution at the alliance's headquarters, just outside Brussels. Yet the country's three services have deteriorated so fast of late that concern is inevitable.

The nub of the problem is the crisis in Belgium's government finances. This year, despite NATO *members'* commitment to raise defence spending by 3 per cent a year, the country's defence budget was not spared the 2.2 per cent across-the-board cuts imposed on all government departments. The effect has been dramatic enough in limiting military operations this year—confining the army to barracks, so to speak—but it also underlines the trend of the last 15 years.

In the mid-1950s, Belgium's defence spending accounted for 15 per cent of all public expenditure. By 1960 it was down to 12 per cent, by 1969 it reached 9 per cent and now it is just over 6 per cent. During that time, the total number of tanks that could be fielded by Belgium has almost halved, down from 600 to 330, and the army is regarded by most senior officers as a shadow of its former self.

Belgium's three armed services total 92,000 men. This means that the country contributes around a tenth of NATO's conventional strength in northern and central Europe. But at the same time, it has been said that it would be "murder" to commit the *country's comparatively high* proportion of conscript troops in action against the armies of the Warsaw Pact.




The country's very short period of national military service—just six months—is said to make training on sophisticated weaponry impossible. That effectively cuts the fighting strength of the army by half: apart from the one-third of the military that is officers. NCOs and administrative grades there are 31,500 professionals in the ranks and 29,000 conscripts.

Nor does there seem to be a keen edge to the volunteers of the professional army. Discipline is criticised for being lax and the men work a strict 40-hour week with stiff overtime rates. This compares badly with, say, *West Germany's 56-hour* military working week. Furthermore, an analysis of the average soldier's working year of 365 days showed that only about 90 days could be spent on operations and training exercises

These are factors in what Belgians now almost automatically refer to as the "malaise" in the armed forces. But this year the spending cuts have reportedly reduced the forces' operational capacity to dangerously low levels. Fuel allocations have been cut by 35-40 per cent against 1979 levels so that only half the allocation is used in operations. The result is that the 200 fighters of the Belgian air force each fly around 120 hours of operational sorties yearly, against the *recommended NATO minimum* of 180 hours, while the army is even harder hit. A third of the 330 Leopard tanks are apparently immobilised at present, artillery is similarly affected and almost all armoured troop carriers are at a standstill.

Last March, Mr. Martens said the Belgian contribution to the alliance was equal to that of the Netherlands and higher than that of Denmark and Norway. NATO officials say pointedly that they have no complaints about the Dutch, Danish and Norwegian defence efforts.

Mr. Martens was not reacting to NATO criticisms but to what amounted to a generals' revolt inside Belgium. An open letter to a newspaper by 15 generals on the retired last warned of the perils of the military run-down, and set off the present controversy. The row became fiercer still when it emerged that Belgium's Premier Corps, the 32,000 men stationed in West Germany, would not be taking part in NATO's Cross Fire joint manoeuvres this October. Last month a senior commander, Maj-Gen. Robert Close, quit the army in protest.

The best champion of a military build-up for Belgium has now emerged in the shape of the new Defence Minister, Mr. Charles Poswick. A 55-year-old former paratroop commando, Mr. Poswick has warned *after less than a month in office* that he backs the generals to the hilt in their demands for more spending. He says if they resign, he goes too.

# Dutch payments deficit exceeds official forecast

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS recorded a large deficit on its balance of payments current account in the first 1980 quarter despite an improvement in the visible trade balance. The deficit of Fl 1.2bn (£264m) on a transactions basis is larger than the Fl 1bn deficit officials forecast for the year as a whole, indicating a strong improvement will be needed in the rest of 1980 if the official figure is to be met.

The seasonally adjusted Fl 1.2bn deficit was sharply lower than the preceding quarter when a Fl 2.8bn deficit was recorded but was above the Fl 775m deffict in the first 1979 quarter, according to Finance Ministry figures.

The improvement on the preceding quarter was due almost entirely to a fall in the visible trade deficit to Fl 400m (£88.3m) from Fl 1.8bn (£397m). Exports rose nearly 10 per cent by value, twice the rate of increase of imports, with much of the increase due to a much higher volume of oil product sales abroad.

The terms of trade worsened, *however*, with import prices rising by 6.5 per cent and export prices by only 5 per cent.

The invisible trade picture also improved slightly with the deficit falling to Fl 800m (£177m) from Fl 1bn (£220m) in the preceding quarter.

On a cash basis the Dutch balance of payment showed a deficit of Fl 2.4bn compared with only Fl 1.3bn in the last 1979 quarter and Fl 530m in the first 1979 quarter. Much of the discrepancy between the figures on a cash and transactions basis is explained by delays in registering oil movements.

The official forecast of a current account deficit of Fl 1bn this year represents a considerable improvement on the Fl 4bn (£883m) deficit in the whole of 1979. Some indepenient economists are more pessimistic, however, forecasting a deficit of around Fl 3bn for this year.

This year would be the third in whic bthe Netherlands had run a balance of payments deficit following six years in the early 1970s when often sizeable surpluses were recorded. Stagnating exports and disappointing levels of gas revenues are largely responsible.

# Honecker to meet Schmidt in August

BY LESLIE COLITT IN BERLIN

EAST AND WEST GERMANY are preparing for the first meeting of their heads of government next month, since Herr Willy Brandt, the former West German Chancellor, and Herr Willi Stoph, the East German Premier, met in Kassel in May, 1970.

Officials in Bonn and East Berlin have agreed to hold the talks in the East German Baltic port of Rostock. They are trying to fix a date in the second half of August.

The forthcoming inter-German summit, between Herr Helmut Schmidt, the West German Chancellor, and Herr Erich Honecker, the East German President, was made *possible by Herr Schmidt's talks* last week in Moscow with the Soviet President, Mr. Leonid Brezhnev.

The Soviet Government has informed East Germany of the results of the Moscow talks, and Herr Honecker has spoken optimistically about relations between the two German states.

The inter-German talks are not expected to lead to any direct benefits for East Germans. Their Communist leaders are not prepared to allow East Germans, other than pensioners, to travel to West Germany. The problem for Herr Schmidt is to obtain visible concessions from East Germany, without too heavy an expenditure by West Germany in this election year.

The talks will concentrate mainly on projects to improve West Berlin's physical links with West Germany across East German territory.

East Germany wants West German help in improving its railway lines between West Berlin and the West German border, and would like to sell *electricity to West Germany and* West Berlin from an East German power station built by the West Germans.

Bonn would like West Berlin to be connected to a new Soviet natural gas pipeline, also built by the West Germans, which is to be the subject of negotiations between a consortium of companies, headed by Ruhrgas and the Soviets

# Poles see living standards rising, survey indicates

BY CHRISTOPHER BOBINSKI IN WARSAW

AS THE Polish Government grapples once again with the problem of persuading consumers to accept higher meat prices, a survey of expectations by the Communist Party's theoretical organ, Nowe Drugi, shows that most Poles accept that their standard of living has risen over the past decade. Some 60 per cent of people questioned by Professor Lidia Beskit from the party's Marxism-Leninism Institute also expect an improvement

The findings have come as a relief to the Government which is concerned about poor morale and its effect on economic performance and social stability. But expectations of further progress in living standards also faces them with the problem of satisfying rising expectations at a time when the economy is under severe strain

Despite the relatively large number of people inclined to rate the last decade favourably, only 5 to 13 per cent, depending on social group, though their income was adequate. Some 64 per cent of workers, 58 per cent of farmers and 47 per cent of white collar workers replied that their family budget was "tight."

Other surveys on people's immediate needs have shown that shortages in the shops are most irksome. But many saw housing as the greatest long-term need. Over 80 per cent in each social group said they would spend more money on obtaining a home, furnishing it or changing it for a larger one. The next category on which people would spend more money was footwear and clothing.

Meanwhile, an important article in the latest edition of the weekly magazine Polityka by its editor Mr. M. Rakowski, a leading liberal figure on the party's central committee, argues that significant sectors of both the population and the authorities do not realise the full gravity of Poland's economic plight.

"Times will be hard for at least the first half of the 1980s" he warns and called on the authorities to "present bravely the real economic situation to the people." He also calls for "structural changes" in the way the country is run, mainly by decentralising decision-making. He says that only wide reforms can produce the psychological change which will motivate people to solve the country's problems.

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# Nordic current account deficit forecast to grow

BY WILLIAM DULLFORCE, IN STOCKHOLM

THE FOREIGN balances of the Nordic countries weakened substantially last year and will deteriorate further in 1980 in spite of a shift into the black by Norway. "Nordic Economic Outlook," the latest joint half-year analysis by the five federations of industries, anticipates that Denmark, Finland, Iceland, Norway and Sweden will have a combined current account deficit of $8.1bn (£3.45bn) this year.

*Last year*, the Nordic deficit was $7.1bn or roughly 3 per cent of GDP. This amounts to about 20 per cent of the combined OECD deficit, although the Nordic countries' share of OECD trade is only 6.5 per cent, and helps to explain why they are among the heaviest international borrowers.

The federations' economists *forecast 1980 current account* deficits of $4.5bn for Sweden, $3.1bn for Denmark and $1.6bn for Finland. The Norwegian *balance, boosted by rising oil* production and prices, is expected to switch into a $1.2bn surplus.

Forecasts for 1981 indicate unchanged deficits for Denmark and Finland and a slight *increase in the Swedish deficit.* The Swedish State Debt Office is scheduled to sign a $850m, eight-year Eurocredit on Thursday and has been borrowing abroad at an average rate of about $200m a week since the beginning of June.

The Nordic countries were still maintaining a relatively high level of economic activity at the half-way stage this year with low unemployment and, apart from Denmark, a recovery in industrial investment. But, in the federations' view, these positive features are overshadowed by the foreign payments *situation*, large *state* budget deficits, the world economic recession and accelerating inflation.

*The current account deficits* are expected to restrain government action this year and in 1981. Thus, the anticipated *slowdown within the major* industrial countries during the second half of this year is "not expected to be met by decisive anti-cyclical policies."

Only Denmark will cut domestic demand substantially this year, according to the federations. There, private consumption is forecast to drop by 4 per cent. Sweden and Norway should see moderate increases, and Finnish private consumption is considered to be ripe *for a further sharp rise.*

In 1981 Government measures to correct the foreign imbalances are expected to cause a further decline in consumption in Denmark and a substantial drop in Sweden.

The federations calculate that the growth in total output among the five countries will drop from 4 per cent last year *to 2 per cent this.* The range extending from a 6 per cent advance in Finland to a 1.5 per cent decline in the Danish GDP.

*Consumer prices in the* Nordic area are forecast to rise by about 12.5 per cent this year with unfavourable prospects for *any marked reduction* in 1981. This forecast excludes Iceland, which anticipates a rate of inflation of 52 per cent this year.

# 2.8% drop in West's steel output expected

By David White in Paris

STEEL PRODUCTION in the industrialised West is likely to drop by 2.8 per cent this year from 433m tonnes in 1979, bringing employment cuts at least as severe as last year, when 38,000 jobs were *lost. That is the conclusion* of a report just published by the Organisation for Economic Co-operation and Development.

Steel output in the 24 OECD member countries—*over half the world total*—is expected to drop by 12m tonnes after rising by 20.2m tonnes last year.

*The biggest declines* are forecast in the European Community and the U.S. Other Western European countries are expected to show reduced growth. Japan's output should be little changed and Australian and Canadian production should continue to expand.

World production is expected *to stagnate after rising* by 4.1 per cent last year to 745m tonnes. Developing countries should push up *their output by a further* 10 per cent after 15 per cent growth last year.

In Eastern Europe, there *should be a small increase* after last year's stagnation, which coincided with a decline in the Soviet Union after 36 years of expansion.

World consumption of steel is expected to show an increase of nearly 0.6 per cent after 4.6 per cent last year. U.S. imports, which fell by 17 per cent in 1979, may drop by a further 20 per cent.

Total OECD consumption may drop by 9m tonnes or 2 *per cent, after growing by* 6.9 per cent last year.

MOSCOW ON THE EVE OF THE OLYMPICS

# A policeman for every foreigner

BY DAVID SATTER IN MOSCOW

UNIFORMED POLICE have appeared by the thousand, on the streets of Moscow as part of the tightest, most all-embracing security measures in the history of the Olympic Games.

Less than two weeks before the opening of the 1980 Games, Moscow was eerily empty at the *weekend*, apparently because thousands of people encouraged to take their holidays during the Games have already left, children have been packed off to Pioneer camp, and the city is being blocked to out-of-town *residents.*

In place of the missing Muscovites, thousands of uniformed and plainclothes militia and KGB men from all over the Soviet Union have arrived in Moscow. The uniformed police are strikingly conspicuous in the relatively thin crowds, strolling in pairs on every block in the centre of the city.

As expected, security is particularly stringent at the Olympic Village, which takes up 237 acres in a pastoral area of southwest Moscow. Soldiers with AK-47 rifles patrol the wire *mesh fence surrounding* the village at regular intervals and the perimeter is also protected by electronic trip-beams.

People entering the Olympic Village must pass through a metal detector and X-ray scanner. Inside the village itself, uniformed and plainclothes security men are available in case of trouble or to answer *visitors' questions.*

The tight security at the Olympic Village may have been inspired by Soviet determination to deter terrorist attacks. But for the first time in the history of the Games, strict security has also been extended to the Olympic Press centre and to the hotels which will accommodate journalists and tourists.

At the major tourist hotels, police guards are stationed on every floor. Access is allowed only for hotel residents and their guests, who must produce a special pass and walk through metal detectors and X-ray scanner.

The security screen is expected to be extended between now and the opening of the Olympics on July 19, as the city engages in last minute repainting of buildings on the Sadovaya ring road, planting of gardens and demolition of eyesores.

One report has placed the number of uniformed police now stationed in Moscow at 35,000, with more than twice as many in plainclothes. The number of foreigners who will be in Moscow for the Games in the wake of the Olympic boycott is *now expected* to be slightly less than 100,000, so there may be a policeman for every foreigner in the city.

The security measures are almost certainly intended to keep contacts between Soviet citizens and foreigners to a minimum.

"Alcoholics and hooligans" have already been sent out of Moscow, and the overwhelming police presence in Moscow is a "hint" to ordinary Moscovites *that the authorities will deal* sternly with anyone causing an incident in the presence of foreigners during the Games.

An hour-long documentary shown on Soviet television on Sunday warned that "Zionist *and pro-Fascist" groups directed* by the U.S. Central Intelligence Agency were planning acts of psychological warfare, subversion and sabotage during the Games. At the same time, Moscow has been swept by rumours to the effect that foreigners arriving in Moscow threatened the city with an epidemic of syphilis.

# OECD concern at delays in nuclear power stations

BY ROBERT MAUTHNER IN PARIS

DELAYS IN the construction of nuclear power stations could increase pressures for raising oil imports at a time when the *industrialised countries* are trying hard to reduce their dependence on imported energy, according to the latest annual report *published by the OECD* Nuclear Energy Agency.

The report says that, at the end of 1979 there were 232 civilian nuclear power plants in operation throughout the world, representing some 119,000 MW of capacity. An additional 229 were under construction or on order, including 115 in the U.S. and 31 in France.

Electricity produced from nuclear sources in the organisation's 24 member-countries in 1979 was equivalent to about 130m tonnes of oil (approximately 2.5m b/d) or about 10 *per cent of their total oil* imports. According to the OECD's most optimistic projections, the share of nuclear electricity *could increase to the equivalent* of 23 per cent of the area's oil imports in 1985 and to 40 per cent in 1990, when the member-countries were expected to import a total of 31m b/d.

But the report emphasises that the share of nuclear electricity is unlikely to reach even 33 per cent of the total in 1990 if programmes for the construction of nuclear power stations continue to be delayed.

# High cost to France of farmers' tax avoidance

BY OUR PARIS STAFF

TAX AVOIDANCE by French farmers is costing the Government more than FFr 3bn (about £300m) a year—or about a tenth *of the country's* annual budget deficit, according to a report sent by a senior supervisory body to President Giscard *d'Estaing.*

It is the first time that France's protected farm sector has come under such open attack from the *Tax Council.* The report underlines a fact that is common knowledge in France, but which has never before been so amply demonstrated—that farmers pay less tax than other people, and that their taxable income is underestimated.

Despite measures introduced seven years ago tax avoidance has not been reduced, the report claims.

Most farmers continue to opt for a "forfeit" system, based on a theoretical norm of profit per hectare in any particular region. The report says that this norm tends to be calculated on the basis of the less productive farms. This legal form of *avoidance is compounded* by fraudulent declarations.

Furthermore, the report says that the authorities often have no means of checking the declarations made by those farmers—5 per cent of the total—who pay on the basis of their real income.

# West German bid to avoid row over workers in board room

BY ROGER BOYES IN BONN

WEST GERMANY'S powerful metal-workers' union, IG-Metall, and senior executives from the Mannesmann steel and engineering group tried unsuccessfully yesterday to head off a sharp political controversy over the workers' role in Board-room decision-making.

Bonn's ruling coalition parties, *the Social Democrats* (SPD) and the Free Democrats (FDP), are at loggerheads over Mannesmann's plans to merge its pipes and steel divisions. Such a move would allow the company to escape the strict workers co-determination law governing coal and steel concerns, and has thus provoked union and SPD anger.

The SPD last week drew up a Bill binding Mannesmann to the workers co-determination Act of 1951 which provides for strict parity *between workers'* and shareholders' representatives on the supervisory boards of coal and steel companies. But the Free Democrats are adamantly opposed to the Bill, arguing that the Government has no right to interfere with a company's efforts to reorganise itself. The SPD will not be able to pass such legis*lation without FDP support.*

Herr Eugen Loderer, head of IG-Metall, is now trying to persuade Mannesmann to reorganise *the company without*

Herr Loderer: talks with Mannesman

affecting the rules on workers' co-determination. He fears that if Mannesmann can avoid the *rules other steel groups* may follow suit.

However, Herr Loderer said yesterday that little progress had been made so far with Mannesmann, and further talks are scheduled for the end of the month.

Mannesmann insists that the merger is necessary for business reasons — some DM 50m will *be saved* — but acknowledges it could delay its plans until September.

The row presents a dilemma for the SPD. On the one hand, it has to back the unions which have been traditionally faithful to the party, but also has to operate within the tight boundaries set by its coalition partner.

*The FDP is clearly asserting* itself for tactical reasons. It is worried that it will fall under the SPD's shadow in the election *campaign.* But *it is also con*cerned that the Social Democrats, at the unions' instigation, will try to broaden co-determination to include companies outside coal and steel.

At present, most large companies outside the industry are bound by the 1976 co-determination Act, which gives management more flexibility.

*For the unions*, the key difference between the two Acts is that the 1976 law gives the chairman—chosen by the share*holders—a casting vote in the* case of a deadlock. Under the 1951 law, however, if workers and shareholders reach a stalemate, they *call* in a "neutral" member, mutually acceptable to both sides. The unions believe this has been important during the years of the steel crisis when workers' co-determination has been able largely to prevent mass redundancies.

# French unions reject hours plan

BY OUR PARIS STAFF

THREE OUT of five union organisations involved in discussions with the employers on a system to replace the 40-hour week in France have rejected proposals drawn up after an all-night session of talks

The unions have arranged a further meeting with the Patronat, the employers' federation, for Friday. Negotiations reached deadlock last Thursday after employers' representatives had agreed to further concessions.

The *Communist-led* CGT, the country's biggest union with some 2.4m members, was the first to reject the proposals, which are based on an annual quota of working hours which would average less than the current norm.

The Christian union body, the CFTC, and the white collar *workers' union, the CGC*, have also rejected the proposals. The CGC said the scheme fulfilled neither of the principal aims, which were to improve conditions and to reduce unemployment.

The number two union, the left-wing CFDT, which has been more amenable to a flexible hours system, has yet to make its decision, as has the politically moderate number three union, Force Ouvrière.

The *proposals* were based on a report commissioned by the Government after employer-union talks broke down in *January.* They involve an annual quota of 1,816 hours for ordinary jobs excluding overtime. That compares with 1,920 at present and the *employers* previous lowest offer of 1,856. For more strenuous jobs the proposed standard quota is 1,770 hours. One of the most *controversial* issues remains holiday entitlement.

# LDP moves towards compromise choice for Japan's Premier

BY CHARLES SMITH, IN TOKYO

MR. ZENKO SUZUKI, a 69-year-old former Minister of Agriculture, appears to be emerging as the compromise candidate to succeed the late Mr. Masayoshi Ohiro as Prime Minister of Japan.

Mr. Suzuki, a member of the faction within the Liberal Democratic Party formerly led by Mr. Ohira, is understood to be acceptable to two other important factions as well as to members of his own group. This means that a substantial majority of the LDP parliamentary membership has endorsed his candidacy.

Suzuki is likely to be formally confirmed as party president before the Lower House of the Diet reconvenes late next week. As party president he will automatically become Prime Minister since the Liberal Democrats hold an overall majority in the Lower House from which the Prime Minister is elected.

Mr. Suzuki's belated emergence as a strong runner for the premiership seems to be the result of blocking moves by various sections of the party against the two most prominent leadership candidates, Mr. Yasuhiro Nakasone and Mr. Toshio Komoto.

Both Nakasone and Komoto have much more ministerial experience than Suzuki, as well as greater seniority within the LDP's internal hierarchy. Nakasone, however, would appear to have been vetoed by the party faction headed by former Prime Minister Takeo Fukuda, while Komoto's membership of the fringe group led by former Prime Minister Takeo Miki evidently told against him.

A third candidacy, that of Mr. Kiichi Miyazawa, failed to get off the ground because Miyazawa himself declined to put his name forward despite support from various sections of the party.

Mr. Suzuki's appointment as party leader will end the prolonged intra-party feud (between the Ohira and Tanaka factions and the anti-mainstream group headed by Fukuda) which paralysed Japanese politics during much of Mr. Ohira's premiership. Mr. Suzuki's emergence is likely to be seen as a further step forward in the reconstruction of the Liberal Democratic Party.

The party appeared to be on the verge of collapse after internal bickerings led to a no-confidence motion being put forward by the opposition in May.

Mr. Ohira's sudden death during the election campaign that followed dealth a further blow to the Government. But the LDP won the election by an unexpectedly handsome majority (284 seats in the 511 Lower House).

Mr. Suzuki is the least experienced Japanese politician to come within reach of the premiership for at least 20 years. He has held three portfolios of medium importance (Agriculture and Fisheries, Posts and Welfare) and a party executive post other than that of secretary general.

**Bernard Simon** reports from Port Elizabeth on the growing power of the black workforce

# Cape car workers lead campaign for wage rise

TO THE bewilderment of South African employers, black workers are rapidly discovering the strength of their bargaining power.

A wave of illegal strikes over the past three weeks in the Eastern Cape town of Uitenhage, 20 miles from Port Elizabeth, ended yesterday. Although negotiations are expected to end today, it appears that the area's three largest employers, Ford, General Motors and Volkswagen, have already come close to accepting workers' demands for a 70 per cent increase in minimum wage rates.

The motor industry's new minimum is bound to have a ripple effect on wages at other Eastern Cape companies. More important, the psychological impact of the motor workers' impending success on workers in other parts of the country is likely to be enormous.

South African employers, and especially the local subsidiaries of multinational companies, will probably be confronted in coming months by increasingly frequent and well-organised industrial action, aimed at raising black living standards and ending race discrimination on the shopfloor.

Johannesburg's black bus transport was paralysed for two days last week by a wild-cat strike by drivers demanding higher pay.

The Eastern Cape strikes at their peak involved 8,000 workers in a dozen companies. But the workers' main target has been the local subsidiary of Volkswagen, whose wage agreements apply also to Ford and General Motors. In a remarkable display of solidarity, 3,500 black and coloured production workers at Volkswagen have for three weeks resisted management's efforts to cajole them back to work.

The Volkswagen strike, unlike those at the other factories, had been expected for several weeks. Although Volkswagen is regarded as an above-average employer, an organiser of the United Auto and Rubber Workers' Union, whose members make up 57 per cent of Volkswagen's black workforce, said: "Management paid little attention when we passed workers' grievances to them." An industry spokesman in Port Elizabeth agreed: "Volkswagen selected itself as a target. Dissatisfaction was growing."

The workers began by demanding a minimum wage of R2 (£1.10) an hour, compared with the then minimum of R1.15. After the strike started, the company offered (and implemented earlier last week) a R1.40 minimum, at the same time opening the factory to strikers who wished to return to work. Only 400 had responded by last Friday.

Volkswagen was keen to settle the dispute quickly. It has no cars to sell at a time when the South African car market is booming, and was estimated to be losing R7m (£3.9m) in sales each week.

The company pushed up its offer at last week's meeting of the Industrial Council, the industry's wage negotiation body. The new offer comprising attendance bonuses and other fringe benefits comes close to the unions' R2 minimum demand. The workers have received no strike pay since a Government decree cut their union off from overseas funds last month. They decided over the weekend to return to work while negotiations continued.

**The psychological impact of the motor workers' impending success on those in other parts of the country is likely to be enormous. Employers will probably face increasingly frequent, well organised industrial action.**

Workers at other factories were as well-organised as those at Volkswagen. At Goodyear Tyre (next to the Volkswagen plant), 1,300 employees walked off the job in support of a R3 an hour minimum wage demand, which even unionists described as "ridiculous." The workers were dismissed, but 1,000 have been re-hired and production is now back to almost pre-strike levels.

Even at Goodyear, however, management has agreed to review piecework incentives, allow pay deductions for a black union, and sponsor new education programmes.

The Volkswagen strike was not politically motivated in the sense that the prolonged stoppage at Ford was eight months ago. The Ford walkout was sparked by a management ultimatum to a black civic leader either to curb his political activities or face dismissal.

Wages were the immediate issue at Volkswagen. None the less, the strike had wider significance. Blacks are rapidly realising that industrial action is one of the very few channels open to them for expressing political frustrations. "They're taking on the system," said an industrial relations expert in spokesman puts it even more succinctly: "Labour power is political power."

The political significance of labour power has meant that established unions in the Eastern Cape, which claim to have no political ambitions, are being out-manoeuvred by more radical groups with essentially political aims.

The motor industry unions (the United Auto and Rubber Workers' Union for blacks and the National Union of Motor Assembly and Rubber Workers for coloureds, which, in practice function as one body) were completely by-passed during the Ford dispute. Instead workers' grievances were aired through the Port Elizabeth Black Civic Organisation, whose leaders have since been served with government Banning orders.

The organisation's leadership is now more conservative, but its members are still in control at Ford's Cortina plant. The plant's action committee is currently attempting to unseat an official of the black car workers' union.

Black activists took a lower profile in the Volkswagen dispute, but there is little doubt that they, not the unions, were calling most of the shots. Mr. Ollie Rademeyer, Volkswagen's industrial relations director, conceded that a top priority for management, once the strike is settled, will be to find out whether "we are talking to the real representatives of the workers."

The unions' limited influence over Volkswagen workers was illustrated by two appeals by its general secretary during the first few days of the strike, urging them not to take part in an illegal dispute. When Goodyear's management asked strikers to elect seven spokesmen, not one nominee was a union man.

The unions have not been completely powerless at Volkswagen as they were at Ford, partly because black activists have kept a lower profile, and have thus found it useful to work through the unions. A large proportion of Volkswagen's black workers are members both of their car workers' union and of the Uitenhage Black Civic Organisation. The union will thus be able to emerge from the dispute with some credibility.

The disputes have taught black activists and unionists that the chances of industrial action succeeding are far higher at foreign-controlled companies than locally owned ones.

SKF, the Swedish-owned ball-bearing manufacturer which was one of the smaller Uitenhage companies hit by strikes last month, was apparently instructed by its parent company not to dismiss strikers. And although local Volkswagen management insisted it was given a free hand in dealing with the strike, others suspect that German trade union pressure has been an important factor in the company's conciliatory stance, particularly the decision so far not to dismiss strikers. A German trade union official flew to Port Elizabeth to help mediate in the dispute.

South African companies, by contrast, are not as vulnerable to foreign pressure. "The multinationals are better targets," one black activist said. A union organiser added: "As long as the companies are controlled from abroad, we feel we have got a say in disputes."

The Volkswagen strike has thrown into doubt the yardsticks by which black wages in South Africa have been measured in recent years, namely the regular studies by the Universities of Port Elizabeth and South Africa to determine poverty levels in different parts of the country.

The Eastern Cape motor industry has paid wages well above these studies' estimated poverty level. But the unions have questioned the validity of the university estimates, which are based on imputed subsistence requirements rather than a family's actual spending patterns.

The University of Port Elizabeth's most recent "household subsistence level" for blacks and coloureds in the Eastern Cape is around R169 a month. But the union's own survey of 50 families showed that a "decent life without any luxuries" required a minimum monthly income of R368, the income on which its R2-an-hour demand was based.

Eastern Cape employers are generally recognised as among the most enlightened in the country. Their wages and working conditions are well above average. Equally important, they have generally succeeded in persuading the police to keep a low profile outside factory gates. A key question is whether employers in other parts of the country will be as restrained when they become the targets of organised industrial action by their black workers.

# Minister aims 'to crush Nkomo'

BY OUR SALISBURY CORRESPONDENT

A SERIOUS deterioration in relations within Mr. Robert Mugabe's coalition Cabinet became evident yesterday with the threat by Mr. Enos Nkala, the Minister of Finance, to "crush" Mr. Joshua Nkomo, Minister of Home Affairs and leader of the Patriotic Front.

Mr. Nkala made his threat at a weekend rally of Zanu-PF supporters in Bulawayo and said that the party's main task now was to crush Mr. Nkomo and to forget all about him. Mr. Nkala said that if Mr. Mugabe did not want to retain him (Mr. Nkala) in Government because of this attitude, he would accept expulsion. "But if I remain I will crush Joshua Nkomo, self-appointed King of the Ndebele."

Mr. Nkomo and his party were only in the Cabinet by the grace of ZANU-PF which had an absolute majority without them. "If they want more than their small share, then we have to tell them that they will not have any share at all."

Observers here regard repeated attacks on Mr. Nkomo by Mr. Nkala in the past seven days as the greatest domestic crisis within the Government since its establishment.

Mr. Nkala likened Mr. Nkomo to other African political leaders such as General Ojukwu in Nigeria, Mr. Oginga Odjinga in Kenya, Mr. Harry Nkumoula in Zambia and Moise Tschombe in Zaire. "Nkomo will be relegated to history in the same way as these people who tried to appoint themselves as tribal leaders," he said.

# Court thwarts Israeli electricity takeover

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S Supreme Court yesterday thwarted temporarily a Government move to seize an Arab electricity company in East Jerusalem, a takeover designed to consolidate the Israeli grip on all parts of the city.

Arab powerstation workers in the court room cheered when it was announced that Israel's Energy Ministry and the Israeli military government was being given 45 days to show cause why it should take over the company.

For years Israel has been striving to link up power supplies in Arab-occupied areas with the Israeli grid. This has been resisted stubbornly by the Arabs, who fear that such a hook-up would leave them more firmly than ever under Israeli control. In many cases Israel has blocked Arab attempts in the West Bank to buy new generating equipment from Jordan, obliging the Arabs to carry on operating with worn plant.

# Economic balance eludes China

BY COLINA MACDOUGALL

CHINA is still facing a major problem in correctly balancing the sectors within its economy, despite some successes. This is shown by figures just published by the State Statistical Bureau in Peking.

Industrial output increased by more than 13 per cent in the first half of this year compared to January-June 1979, the bureau said. No figure for heavy industry was given, but light industry was said to have expanded output by over 24 per cent. The total value of industrial output for the period was given as nearly 247bn yuan (£70bn), 51 per cent of the year's planned total.

Contrary to policy announced arlier, steel production over-fulfilled its target, reaching nearly 19m tonnes out of a planned 1980 figure of 33m.

While the big increase in light industry represents a partial success for the policy of stepping up investment in producing consumer goods, the textile industry expanded output by an astonishing 28 per cent. Textile output value alone for the period was Y32bn, an eighth of all China's industrial output value.

Oil and coal production were virtually on target (106m tonnes for oil, the same as last year). Chemical fertiliser rose 25 per cent over the same period last year.

The total percentage growth rate figures far exceed the planned growth of 6 per cent for all industry and 8 per cent for light industry.

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# Republicans seek to avoid split on social issues

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE REPUBLICAN Party's platform committee convened in Detroit yesterday, hopeful of being able to forge compromises on two thorny social issues, disagreement on which could mar the harmony of next week's "coronation" of Mr. Ronald Reagan as the party's candidate for the U.S. presidency.

The two issues are the Equal Rights amendment for women, and abortion. In both cases, party moderates and conservatives are at odds with each other, with Mr. Reagan, philosophically inclined to the latter, trying hard to find a solution that does not offend the former.

Mr. Reagan has repeatedly stated on the campaign trail that, though a believer in equality for women, he does not think the Equal Rights Amendment is the best way of achieving this goal, but rather that existing laws provide the necessary constitutional guarantees.

The ERA is often misunderstood. It simply says: "Equality of rights under the law shall not be denied or abridged by the U.S. or any State, on account of sex."

The ERA has been ratified by 35 of the 38 States required for it to enter the statute books. But no State has approved it in the last three years.

The chances of the extra three going along before the deadline of March, 1982, are considered slim, particularly in the wake of its failure in Illinois only last month.

The Republican Party has been committed to the ERA for 40 years. Its 1976 party platform endorsed the amendment in ringing terms, and at yesterday's opening session of the platform committee, Governor William Milliken of Michigan, a prominent moderate, warned that "if we repudiate our 1976 position, we will be repudiated by a large segment of America's population, and deservedly so."

On the other side of the argument, conservative forces, led by Senator Jesse Helms from North Carolina and Mrs. Phyllis Schlafly, leader of the anti-ERA movement, want any reference to the amendment dropped entirely. Senator Helms said yesterday he was not even interested in what he called a "mealy-mouthed statement," designed to preserve party unity.

Both he and Mrs. Schalfly were directly critical of the language of a compromise resolution being circulated by Mr. Reagan's aides, which reaffirmed the party's support for equal rights without ever specifically mentioning the ERA.

On abortion, Mr. Reagan is known to lean towards another constitutional amendment banning it altogether. However, several polls of party members have shown no willingness to go this far.

Only last week, in an important decision, the U.S. Supreme Court upheld the constitutionality of the so-called Hyde Amendment—the Congressional law which prohibits the Federal Government from financing abortions for indigent women, except in limited circumstances. Emboldened by this ruling, opponents of abortion are pushing for even stronger action.

The Democratic Party's rules committee is due to meet here tomorrow, in effect, to pass judgment on Senator Edward Kennedy's last chance to deny the party's Presidential nomination to President Jimmy Carter.

AP adds from Washington: Mr. John Anderson, the independant Presidential candidate, is to leave next Monday for an 11-day trip through the Middle East and Europe,

# Battle looms over acid rain

BY NANCY DUNNE IN WASHINGTON

THE OLD WAR between energy and environmental interests has resumed here on a new battleground: acid rain, a long-distance pollutant presumed to come from fossil fuels. Of late, the debate has centred on a $3.6bn Bill, passed in the U.S. Senate and under consideration in the House, designed to move electricity companies away from oil and into coal.

Acid rain has been a concern in Western Europe since the Scandinavians discovered it, but its emergence as a problem in the U.S. is relatively recent. All the elements in the phenomenon are not yet known, but scientists believe it is created by sulphur dioxide from burning coal and nitrogen oxides from car exhausts and factories. Borne hundreds of miles by wind, they mix with water vapour, forming a corrosive rain which has destroyed lakes and streams in the Adirondacks, Canada and Northern Minnesota, has damaged soil and eroded buildings and monuments.

It is suspected, too, but not yet proved, that acid rain may damage crops by eating away at leaves, reducing the growth of forests, and contaminating drinking water.

The oil-to-coal conversion plan, once trumpeted as a major step in the President's effort to reduce U.S. oil imports, has been cut drastically in Congress. It would have subsidised through grants and loans, up to 75 per cent of the costs of converting 80 electricity plants, to save up to 300,000 barrels of oil a day. (Imports are about 7m to 8m barrels a day).

Even in its truncated form, the President's "oil back-up plan" is viewed with alarm by many scientists and environmentalists. They believe that burning more coal will increase the acid rain problem. Electricity companies, they point out, are already responsible for two-thirds of all sulphur dioxide emissions.

The Environmental Protection Agency believes the proposed legislation will increase sulphur dioxide emissions by 330,000 tons a year, and nitrogen oxide emission by 200,000 tons a year. This, they say, would result in a 10 to 15 per cent increase in acid deposits in the north-eastern U.S., already the hardest-hit area.

The cost of reducing emissions causes collective shudders in the power industry. One estimate of the cost of cutting sulphur dioxide emissions by 50 per cent in the north-east runs as high as $7bn a year. The installation of sulphur dioxide scrubbers could cost $100m for each plant. Scrubbers create their own problems. They generate vast quantities of sulphur-bearing sludge, for which a disposal method must be found.

Power industry spokesmen prefer to set the problem aside.

Mr. Douglas Costle
"Still a lot we don't understand"

They say the evidence about its cause and effects is "extremely poor," and they claim that the new legislation will increase the total of pollutants released by only 0.4 per cent. The power industry committed about $6m three years ago to acid rain research, and is planning to spend $12m more over the next five years.

Many environmentalists feel the problem requires immediate action. "There is still a lot we don't understand about acid rain," says Mr. Douglas Costle, the Environmental Protection Agency administrator. "But we know enough about it to know we have to start to do something about it this year."

The problem is especially severe in New York state, where officials claim acid rain has destroyed all life in 170 lakes. They complain bitterly that New York, with its stringent air pollution controls, must suffer from the laxer controls of power plants in the Ohio River Valley, where it is thought much of the north-east acid rain originates.

Not only do states burning "dirty coal" send their pollutants to the north-east, they send them to Canada. About 25m tons of sulphur dioxide is sent to Canada each year, about five times more than the Canadians are estimated to send back.

Canada and the U.S. have agreed to pool their data and conduct research into acid rain, and to negotiate an air quality agreement.

Air pollution controls, established under the Clean Air Act, cover the quality of air at ground level near pollution sources, but they do not deal with airborne emissions. Ironically, much acid rain in recent years may result from efforts to reduce local pollution. To minimise smog in industrial regions, engineers in the past 20 years have built tall chimneys which are thought to help to transport pollution thousands of miles.

It is clear to scientists that the only way to reduce acid deposits is to reduce emissions of sulphur dioxides and nitrogen oxides. The Environmental Protection Agency began setting emission standards on new plants last year. But they will not apply to converted plants

"There is cause for concern that the political resolve may not be forthcoming," says Mr. Costle. A Congressional review of the Clean Air Act is due next year, and the law could be "gutted," he says, "in the current atmosphere of hostility towards environmentalists and regulation."

If allowed to go unchecked, acid rain could cause untold economic damage. President Jimmy Carter, calling it "one of the most serious global pollution problems associated with fossil fuel combustion" has intensified federal research efforts and established a 10-year research programme with a $100m budget.

Congress, in the oil backup legislation, may provide $400m in grants for projects to reduce sulphur dioxide emissions. But reversing the effects of acid rain will be slow and costly—and in some cases impossible. Coming when the U.S. is under pressure to develop its coal reserves, the process is bound to take even longer.

# More banks reduce prime rate to 11½%

BY DAVID LASCELLES IN NEW YORK

AN 11½ per cent prime rate became universal yesterday as major U.S. banks cut their rate by ½ per cent to the level set by a handful of banks last week.

The move, coming after the July 4 holiday weekend, was evidently prompted by the Fed's announcement on Thursday that it was phasing out the remains of the emergency credit controls it imposed last autumn and this spring.

The immediate impact of the Fed's step will be small, but is psychologically important because it removes some of the uncertainty about the underlying trend in interest rates that had developed in the past fortnight.

The prime rate still has some way to go before it re-establishes traditional differentials with market rates. Based on yesterday's certificate of deposit rate, the key to banks' cost of funds, the prime should have been 10-11 per cent.

This prompted Wall Street economists to predict that further prime cuts could come in the next week or two, though the descent will be slower than the precipitous fall of May and June from the 20 per cent peak.

# U.S. crude oil imports down by 25% in June

BY OUR U.S. EDITOR

UNITED STATES imports of crude oil in June fell by one-quarter compared with the same month a year ago, and American consumption of foreign oil could fall this year to an average of only 7m barrels a day, according to Mr. Charles Duncan, the Energy Secretary.

His optimistic projections, contained in a television interview, were, he said, testament to the "very substantial progress" in conservation achieved in the past year, and were only partly accounted for by the economic recession and the impact of higher prices.

If Mr. Duncan's forecasts are accurate—and his 7m b/d figure is a bit higher than most industry estimates—then, he said, the U.S. would have succeeded in making itself much less vulnerable to any Arab oil embargo.

Petrol consumption in the first five months of this year was more than 8 per cent below the levels of the same period in 1979, Mr. Duncan added.

The sharp drop in oil imports in June should mean that the nation's trade deficit, which doubled in May to nearly $4bn from April, will contract again in June. The principal reason for the increase in the deficit in May was a rise in both the value and volume of imported oil.

# Canada studies export tax on all forms of energy

BY VICTOR MACKIE IN OTTAWA

CANADA is studying an export tax on all forms of energy, including hydro-electric power from Quebec and Manitoba, Mr. Marc Lalonde, Canadian Energy Minister, said.

The purpose, besides raising revenue for Ottawa, is to counter complaints from Alberta and British Columbia over the Federal Government's proposal to tax natural gas exports.

The western provinces feel the proposed gas tax and a similar one already levied on oil exports is discriminatory, because hydro-electricity, coal and uranium exports are not taxed.

Rather than have the west complain, Ottawa could say an across-the-board energy export tax had been imposed in the interests of fairness.

The complaints about the proposed gas tax have complicated talks between Ottawa and Edmonton over an agreement for oil-pricing and revenue-sharing.

# WORLD TRADE NEWS

## One British group left in bid for Bahrain job

By Mary Frings in Bahrain

TWO MAJOR British groups are among five invited contractors who failed to put in a bid for the Saudi-Bahrain causeway project.

Of the 21 groups who prequalified, excluding Hyundai, which was eliminated before the tender documents were released last November, 16 submitted tenders by the June 30 closing date.

Those which dropped out of the competition are the John Howard group (John Howard and Sir Robert McAlpine of the UK, Hitachi of Japan, and Bristol Steel of the U.S.): the Taylor Woodrow group (Taylor Woodrow, Richard Costain, and Redpath Dorman Long of the UK): Spanish group (Entrecanales y Tavora and three other Spanish companies); the Petrola group of Greece; and Torno of Italy.

The only remaining British representative is Balfour Beatty, heading a consortium which includes four Japanese companies.

Mr. Hamed Zayani, whose Bahraini company is bidding in association with Bilfinger and Berger of West Germany, Bin Laden of Saudi Arabia, and Kawada of Japan, was present at the public opening of tenders in Riyadh on July 1. He commented on his return to Bahrain this week: "This contract involves a lot of dredging, and the British are not so strong in that field."

## Medelec wins Libya contract

By Godfrey Grima in Valetta

MEDELEC SWITCHGEAR, in which GEC has a substantial shareholding, has won a \$12.5m (£5.3m) from Libya for the supply of 50 main substations of 11,000 volts each.

Medelec said this was the first time the company, which involves Maltese, Libyan and British interests, has been entrusted with the complete design, supply of all components and the building of the main distribution substations.

Medelec was set up 2½ years ago by the Malta Development Corporation, the Libyan Arab Maltese Holding Company.

## Gibraltar considers free trade zone for port areas

BY OUR GIBRALTAR CORRESPONDENT

THE GIBRALTAR Government is to consider establishing free trade zones in the port and airport areas. This comes in the wake of the expected reopening of the Spanish border with Gibraltar and Spain's eventual accession to the European Economic Community.

Truck traffic to and from Gibraltar is already being planned. This would increase once Spain joined the EEC, with Gibraltar adopting a transhipment role transporting EEC trade through an open frontier with Spain.

Gibraltar's position in relation to the EEC, and the effects of Spanish entry, are among subjects to be considered by a major feasibility study commissioned by the Gibraltar Government. Although Gibraltar forms part of the EEC as a British dependent territory, the common customs tariffs do not apply to it at its own request. However, an anomalous situation could be created on Spanish entry, and free trade zones might enable Gibraltar to retain its own customs structure.

The matter is being considered in connection with preparations for the next development plan commencing in April next year. In this context, the port has commanded a high priority, said Mr. Adolfo Canepa, the Trade Minister.

The Government is to spend between £75,000 and £100,000 in the study it has commissioned from British consultants. It will cover all aspects of the port and its role in the development of Gibraltar's economy, considering the element of competition from neighbouring ports in such countries as Spain, Portugal, Morocco and Algeria.

Consultants have been asked to assume that the border will open, although the Spaniards have not yet lifted the restrictions imposed on Gibraltar 11 years ago. An agreement signed in Lisbon in April between Britain's Lord Carrington and Sr. Marcelino Oreja, the Spanish Foreign Minister, has set in motion talks towards the opening of the border.

From a Gibraltar standpoint, officials here see no outstanding obstacles to the reopening of the border, which should be on a 24-hour daily basis with the same ease of travel as in other European frontiers. Spanish workers would be allowed to commute to their jobs in Gibraltar, and those wishing to live in Gibraltar itself would have to obtain approved accommodation, as would other alien workers.

The Spaniards, however, are seeking to establish conditions of equality and reciprocity between Gibraltar and Spain prior to the lifting of restrictions.

## Swiss show interest in UK tank

BY BRIJ KHINDARIA IN GENEVA

A BRITISH TANK, the newly-developed Challenger, is being considered by the Swiss Defence Department as a possible contender for a 250-tank order to equip Switzerland's armoured columns for the latter half of the 1980s and early 1990s.

The tank, first developed by the Rolls-Royce Vickers combine for Iran and called the "Shir" is being offered to Switzerland following the cancellation of Iranian orders after the former Shah's fall.

Switzerland has been impressed by the interest shown in the Challenger by both German and British defence forces and believe that, with some changes, it might be effective on Switzerland's mountainous terrain.

The Challenger has entered the race for the Swiss order at a late stage, and will have to compete against the German-made Leopard tanks and the U.S. XM-1 made by Chrysler.

The U.S. Government is putting severe pressure on Switzerland to buy the XM-1, partly to bail Chrysler out of its financial difficulties. The Swiss were earlier leaning towards the Leopard but Mr. Charles Grossenbacher, chief of army purchases, said on his return last week from a visit to the U.S. that the XM-1 might be a better buy.

During his visit, he obtained a promise that the two XM-1s will be delivered to Switzerland for trials next year. At about SwFr 2bn (£500m) the U.S. tanks would cost about SwFr 500m less than the Leopards.

The Challenger is being seen as an outsider so far, but Britain could still win the order if the price and buy-back conditions are right.

## New pact for E. Berlin, Prague

BY LESLIE COLITT IN BERLIN

EAST GERMANY and Czechoslovakia, the two most highly developed consumer societies in Comecon, have agreed to increase their trade by 20 per cent to 10bn transferable roubles (£6.6bn) in the five-year plan beginning next January.

The agreement is part of the round of planned co-ordination taking place between Comecon countries for the upcoming 1981-85 period.

East Germany and Czechoslovakia are each other's second largest trading partners with machinery and equipment making up 62 per cent of their trade last year. East Germany is the second largest customer for Czechoslovak machine tools and Czechoslovakia is East Germany's leading market for these machines.

Both countries have agreed to improve their trade in spare parts for farm machinery and cars exported to each other, and they pleged jointly to carry out industrial projects in third countries. Until now the Comecon countries have shown more interest in co-operating with high technology Western countries on third markets than with each other.

## West urged to tighten developing world ties

By Brij Khindaria in Geneva

WESTERN COUNTRIES must turn to developing countries for new markets in order to prevent a serious slowdown in world trade expansion, said Mr. Olivier Long, the director-general of the General Agreement on Tariffs and Trade (GATT).

Addressing a group of economists and businessmen, Mr. Long predicted that economic recession would force Western industrialised countries to slow trade among themselves. But a moderate growth in world trade as a whole could be achieved if Western exporters won markets in developing countries instead of focusing all their attention on oil exporting countries and the Soviet Union and its Eastern European partners.

The Soviet Union and Eastern Europe will import less than in the past from developed countries because of reductions imposed by economic plans, while the oil exporting countries are apparently in a phase of consolidation after the boom in import demand of recent years.

The slow-down in Western exports—that is, from Europe, the U.S. and Canada — to the East began last year, reversing the 1978 trend when Eastern imports increased faster than exports. The value of exports to the West from the Soviet Union and Eastern Europe rose twice as fast as imports from the West last year, according to figures published by the UN Economic Commission for Europe.

Mr. Long said developing countries will become large markets for Western exporters only if new methods are found to help them to pay for imports and they are given more access to western markets to increase their export earnings.

## Swissair to buy DC-10s

By Michael Donne, Aerospace Correspondent

SWISSAIR has ordered two of an improved model of the McDonnell Douglas DC-10 airliner—the Series 30 Extended Range model—worth about \$100m (£44m) including spares.

Swissair has also ordered kits to convert two of its earlier DC-10s to the extended range version.

## China and EEC to stage business week in Brussels

BY GILES MERRITT IN BRUSSELS

AN IMPORTANT EEC-China trade initiative has been agreed in Brussels between the European Commission and senior government officials of the People's Republic of China.

In a move aimed at boosting trade between China and the Community, the Commission is next year to organise a series of meetings between 100 Chinese trade officials and 200-300 representatives of EEC industries. The 12-day event in Brussels will be called the Community-China business week and is aimed at promoting contracts in six key sectors.

Figures on the amount of new business Peking wishes to do with the EEC are not available, although it is thought significant in Brussels that the new initiative is to be written into China's forthcoming 1981-85 Five Year Plan.

A longer-term aim of the new trade programme, from Peking's standpoint, will be to redress the widening trade deficit that China has with the Community. Last year China's exports to the EEC rose to \$1.9bn (£813m), but imports from Europe were £2.9bn. The Chinese Government recognises, however, that to bring that trade back into balance, it must first acquire European technology that will enable it to export more sophisticated manufactured goods.

The six sectors identified by Peking for discussion at the forthcoming business week, to be held next April, range from minerals and raw materials exploitation to a major drive on light industries. China is also to seek tannery technology and plant to devolop its hides and furs industry—having pointed out to Brussels that its resources in increasingly rare materials such as pigskin are enormous.

The light industries China is aiming to develop include silk textiles, bicycles, sewing machines, locks, toys, clocks and watches and furniture.

China's trade negotiators are expecting to work out financing questions when they come to Brussels in April, but the Commission is already emphasising that Peking has received lines of credit totalling \$27bn, of which only \$2bn has so far been used.

**Reuter adds from Bonn:** Mr. Otto Lambsdorff, the Economics Minister, will head a West German delegation to China next month for talks on industrial co-operation with the Chinese Government, the Economics Ministry said.

## Tanzania-Kenya border talks to reopen soon

BY JOHN WORRALL IN NAIROBI

THE TANZANIAN and Kenyan Governments plan to hold another meeting of senior officials soon to examine ways to reopen the border between the two countries which has been closed for three years.

It was confirmed in Kenya that a trade agreement between the two was to be submitted to the meeting.

Recently, Mr. Ibrahim Kadunah, the Tanzanian Trade Minister, told the National Assembly in Dar es Salaam that Kenya had agreed to most Tanzanian conditions for the reopening of the border. Among these was the proviso that Tanzanian trade with Kenya should be on a similar footing to that elsewhere: that there should be no large trade deficit: that Kenya transit trade through Tanzania to landlocked countries would be permitted, subject to Tanzanian laws, and that a trade agreement should be drawn up.

The border was closed unilaterally by President Nyerere when the East African Community broke up three years ago.

A World Bank mediator recently prepared a report on the assets and liabilities of the three countries of the East African Community, Kenya, Tanzania and Uganda, when the community was disbanded. So far this report has not been accepted by any of the countries.

## Portugal secures oil supply

By Jimmy Burns in Lisbon

PORTUGAL has succeeded in bridging a 3m tonne shortfall in its oil requirements for 1980.

Earlier this year the Government said Portugal had difficulties in meeting its energy needs as a result of the Iranian crisis and the decision of the Soviet Union to reduce its supplies. But the shortfall has been bridged as a result of a major diplomatic initiative aimed at improving trade links with oil producers.

According to Sr. Pedro Pires Miranda, a director of Petrogal, the Portuguese state oil company, this initiative has resulted in last year's contracts being extended in addition to new sources of supply. Sr. Miranda said yesterday that both Saudi Arabia and Iraq, which last year accounted for over 50 per cent of Portugal's oil needs, had agreed to increase their exports. At the same time, Portugal has secured new contracts with Nigeria, Abu Dhabi and Venezuela.

The latest initiative has been helped by the fact that Portugal's oil requirements this year of 8m tonnes have been less than the 9m tonnes originally forecast.

Sr. Miranda said that the cost of oil imports of 1980 was \$1.8bn less than the \$2bn originally forecast. He added that Portugal had not resorted to purchases on the spot market and that production at the main oil refinery at Sines had not been reduced.

## Canadian car exports slump

TORONTO — Canada's motor exports to the U.S. fell 31.3 per cent or C\$ 1.34bn (£496m) in the first five months of this year compared with the same period a year ago.

The Automotive Parts Manufacturers' Association said that imports were also down, declining 22.9 per cent. The greater volume of imports overall, however, left Canada with a motor trade deficit of C\$ 1.26bn for the period, compared with C\$ 1.12bn.

Exports through May this year totalled C\$ 3.85bn, compared with C\$ 5.19bn a year ago. Imports totalled C\$ 5.11bn. AP-DJ

# Rate grant reform runs into difficulty

BY ROBIN PAULEY

THE GOVERNMENT'S Bill to introduce a block grant system for rate support for local authorities is running into difficulties, according to a major confidential study by civil servants.

MPs working on the details of the Bill in a standing committee have been denied access to the civil servants' papers.

However, 72 confidential Government working papers on the Government's plans for the reform of the rate support grant system have been passed to the Financial Times before the final day of the Local Government Planning and Land Bill's report stage in the Commons today.

MPs protested more than once that they had never served on a committee provided with so little detailed information but Mr. Tom King, Local Government Minister, refused to disclose any of the working papers.

The papers are from the Consultative Council on Local Government Finance, the grants working group and its subgroups dealing with various aspects of standard expenditure assessment, and the Officers' steering group, with some Environment Department papers, notes, memoranda and assessments.

They demonstrate the difficulty experienced in trying to make block grant work as the Government hoped it might. The papers show the failure to produce an alternative to the much criticised multiple regression analysis—a complicated formula for assessing an authority's spending need based on its past expenditure.

The papers also make the point that there is now not enough time before the new scheme comes into operation in November to produce a full-scale workable scheme.

Mr. Michael Heseltine, Environment Secretary, is known to be concerned about confidentiality within his department, which has been leaking like a colander in recent months.

The desire to pass the documents out, particularly in cases involving breaches of the Official Secrets Act where the staff concerned have put their careers at risk, apparently stems from a growing concern about both the Act and the departmental tendency to move away from open government while the Government is saying it believes in greater freedom of information.

# Ceilings on mortgage lending criticised

BY MICHAEL CASSELL

THE GOVERNMENT and the building societies have agreed that past efforts to control house prices by setting ceilings on mortgage lending have been ill-conceived and unsuccessful.

An unpublished report from the Joint Advisory Committee on Building Society Mortgage Finance, which includes representatives from the societies, the Treasury, Bank of England and Department of the Environment, says that the guideline method for setting mortgage advances at a level designed to avoid undue increases in house prices has suffered from serious operational problems and theoretical weaknesses.

The principal conclusion endorses the view of the societies, which for years have claimed that the supply of mortgage finance has not proved the most important factor in determining the rate of house price rises.

But although the Government has agreed on the report's findings, it has insisted that it will not be committed to the new guideline system. Ministers are understandably reluctant to state that, ultimately, they have little power to control house prices. However, publication of the joint report makes it much more difficult for them to try to hold down prices in future by restricting mortgage lending.

The monitoring of building society advances with a view to helping control house price increases began in 1975 as part of a wider arrangement between societies and the Government to encourage home ownership and inject more stability into the private housing market.

In 1978, house prices were rising rapidly and societies were being asked to cut back heavily on lending. It became clear, however, that the guideline system was having no effect in reducing price rises and a review of its effectiveness started last year.

The resulting report, which is intended as a discussion document, concludes that the working of the system was based on simplifications which have not proved practical.

It concludes that the control of building society lending "cannot sensibly be used for 'fine tuning' the housing market because house prices are influenced by many important factors other than the availability of building society mortgage commitments."

The report says that weight should now be given to the other factors involved, such as changes in actual or expected incomes, changes in the availability of property for rent and fluctuations in the rate of inflation.

The report comments: "These and other qualifications to the basic propositions that underlay the guideline system cast doubt on its value as an instrument of house price stabilisation. They imply that any improved theory of the operation of the housing market should take into account not only financial factors but also real demand factors.

"A better understanding of the role of consumer expectations and behaviour as they affect demand and the determination of prices is also required. Such a theory cannot retain the apparent simplicity of the guideline theory."

Although the report concludes that there is no straightforward relationship between the availability of mortgage finance and the movement of house prices, it does not put forward positive recommendations on any new approach to the problem and seems to imply that no simple policy formula exists.

# Protection sought by EEC on East German furniture dumping

BY MAURICE SAMUELSON

BRITAIN WILL soon make an urgent plea to the EEC for protection against furniture dumping by East Germany and other East European countries.

Its case will be prepared jointly by the Trade Department and furniture industry representatives, and will be submitted as soon as the relevant information can be assembled.

This was decided yesterday after a meeting between Mr. Cecil Parkinson, Trade Minister, and a delegation representing the British Furniture Manufacturers' Federated Associations and the Furniture, Timber and Allied Trades Union.

Afterwards, the Department said there appeared to be no case for regarding the imports as "disruptive" and for appealing to the General Agreement on Tariffs and Trade.

However, there appeared to be a prima facie case that foreign wooden furniture was being dumped here below the cost of raw materials to British manufacturers. The Government would pursue an anti-dumping plea energetically, despite the traditionally sluggish way in which such moves have sometimes been handled by the EEC Commission in Brussels.

The furniture delegation, led by Mr. Ron Brown, MP, said with import penetration now 18 per cent of the UK market, the British industry would become so depleted that within the next two or three years it would lose its hold on the home market.

The industry included many small manufacturers which lacked the resources to stick out a long bad patch, the delegation said.

Most of the imported wooden furniture came from Eastern Europe, with East Germany taking the lion's share (40 per cent). East German imports rose in value from £11m in 1978 to £15m in 1979.

The Trade Department said that its anti-dumping unit would consult with the furniture industry in the next few days in order to collect sufficient information to show a prima facie case of dumping.

Redundancies have been growing in the furniture industry, which normally employs 90,000 people. However, precise totals of lay-offs are difficult to obtain because of the industry's fragmented nature.

Among manufacturers which have announced lay-offs or short-time working are Gomme Holdings, makers of G Plan, which put 800 people at its Nelson plant on a three day week, and Avalon Furniture, near Bristol, which has all its 600 workers on short time.

# Insurance premiums on motors up again

BY ERIC SHORT

GENERAL Accident Group, Britain's largest motor insurer with more than 1m policy holders on its books, yesterday announced a 10 per cent increase in basic motor insurance premium rates. This follows a 12 per cent increase on February 1 bringing the overall rise over the past 12 months to 23.2 per cent.

The increase reflects the success of insurance companies in keeping the rise in motor insurance premium roughly in line with price inflation despite the increasing cost of repairs.

## Labour costs

Garage labour costs rose by 31.2 per cent in the 12 months to end-January this year and spare parts by 23.8 per cent.

Insurance companies have been incurring heavy underwriting losses on their motor business. GA made a loss of £5.6m in the first quarter of this year and a loss of £6.7m for the whole of 1979.

GA's premium increase follows year on year increases of 20 per cent by the Co-operative Insurance Society made at the beginning of this month and 18 per cent increase from Commercial Union at the beginning of June.

Guardian Royal Exchange, the second largest motor insurer in the UK, lifted its rates on May 1 by 12 per cent making 22.9 per cent for the 12-month period.

The latest rises reinforce the figures monitored by the British Insurance Association. They show that the average premium among the leading insurance companies increased by 19.4 per cent between July 1, 1979 and July 1, 1980.

However Mr. Geoffrey Bowler, the outgoing chairman of the British Insurance Association, said last month that insurance companies needed at least a 30 per cent increase in premiums to get their accounts straight.

## More important

Two factors are keeping motor rate rises lower than this forecast figure. Fewer claims are being made this year compared with a normal year, indicating that motorists are reacting to the recent increases in petrol prices. Probably more important is the strong competitive market for motor insurance which is holding down rates.

In addition to GA's basic premium increase, the company is also making two changes to its rating areas in the UK. The more important affects south Essex where premiums rise by an extra 5 per cent.

# Texaco, Gulf face extra £76m for oil project

BY RAY DAFTER, ENERGY EDITOR

TEXACO and Gulf Oil face an extra $180m (£76m) in construction costs for their joint oil refinery project at Pembroke, South Wales.

Construction work on the 65,000 barrels a day cracking unit, which was due to be commissioned late this year, is also running between 12 and 14 months behind schedule, it was learned yesterday.

The project, costed in U.S. dollars, is now expected to cost about $800m (£339m). It is thought that more than one third of the cost over-run is attributed to the changing relationship between sterling and the dollar. Sterling has appreciated considerably since late 1977 when Texaco and Gulf announced their decision to proceed.

Construction costs have also been hit by inflation which has been rising at a far faster rate than originally projected by the two oil companies.

The catalytic cracking unit, one of the most ambitious refinery projects in Western Europe, has been designed to upgrade heavy fuel oil from Gulf Oil's 100,000 barrels-a-day refinery at Milford Haven and Texaco's nearby 180,000 barrels-a-day refinery at Pembroke.

The unit will convert heavy fuel oil into higher-value petrol and other premium refined products. Both companies have proceeded on the basis that demand for the high quality oil products will rise at a much faster rate than heavy fuel oil.

The project should help the UK balance of payments as Texaco — Britain's fourth biggest petrol retailer—imports some of its petrol. As a result of the Pembroke development, and the installation of cracking units at other refineries, Britain could soon become a net exporter of high value petrol. In the first three months of this year, for instance, the UK imported 758,887 tonnes of petrol while exports totalled only 239,674 tonnes.

Texaco is happier about its other major UK investment project—the development of its North Sea Tartan Field. The field, being exploited at a cost of £250m to £300m—within the original budget—is due to be brought on stream late this month or early in August, only marginally behind schedule.

Executives of the U.S.-based company say they have received considerable help from other North Sea companies willing to pass on lessons learned from their own oil field development projects. Texaco also believes it has scored by managing the project itself.

The Tartan Field, discovered in 1974, is expected to yield almost 90,000 barrels a day of oil at peak output. Recoverable oil reserves are thought to be about 250m barrels.

# ICI gives warning on North Sea gas feedstock supplies

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries (ICI) has warned of "disastrous" consequences for its petrochemicals business if it fails to secure supplie of gas feedstock from the proposed £1.1bn North Sea gas-gathering pipeline.

But Mr. Alan Pink, deputy chairman of ICI's petrochemicals division, says that if the group is given gas from the new pipeline it will modify two of its three ethylene plants at Wilton, Teesside, and also build a liquid petroleum gas (LPG) separation plant. The cost of modifying the plants alone is estimated at between £40m and £60m.

Last night ICI's warning and its promise of more construction work at Teesside were being seen as part of a concerted attack by UK-based chemical companies on the U.S.-based Dow Chemical. Dow wants to use gas from the pipeline in an ethylene plant it proposes to build at Cromarty in Scotland. But ICI and BP want to use the gas in their own existing plants.

The lack of demand for ethylene — used in the making of a wide range of things including plastics—has already forced ICI to shut down two of its three ethylene plants at Wilton. At least one is unlikely to be started up again until late next year.

The group said yesterday that workers on the plants had been redeployed but it warned that "ultimately there could have to be redundancies." Secure supplies of gas from the pipeline would increase ICI's competitiveness and could be "the salvation" of the Wilton ethylene plants.

Mr. Pink, reported in the latest edition of petrochemicals division's newspaper, says the availability of North Sea feedstocks "will give improved security to jobs which might otherwise be vulnerable." Ethylene plants at Wilton would be "competitive for much longer" if converted to use the gas ethane as a raw material instead of relying on oil-based naphtha, which is largely imported.

Mr. Pink estimates that ICI could cut its dependence on imported naphtha by about 2m tonnes a year if it converted its existing plants to use ethane or liquid petroleum gases.

"We have been active in putting together a scheme which would enable major quantities of gas liquids to be brought by pipeline from the St. Fergus landfall of the offshore line to Teesside," he said. "We are suggesting this should be done rather than send the gas liquids to a totally new site for shipment or possibly later conversion to ethylene.

"It is essential that we improve our feedstock position in order to remain competitive. If competitors were to secure these gas liquid feedstocks instead of us and use them to produce further overcapacity, the effect on our business on Teesside could be disastrous."

Mr. Pink says ICI wants a land line to bring the gas down from St. Fergus to Teesside via Grangemouth, where BP Chemicals has a plant.

The Government has set up an organising committee to decide on the structure of the company that will build and operate the pipeline. British Gas, Mobil and BP are represented on the committee.

# Doubts on N. Ireland gas pipeline

BY STEWART DALBY

A REPORT that it would be economically viable to supply cheap North Sea gas to Northern Ireland has been greeted with scepticism there.

A Coopers and Lybrand report says that, although it would cost between £100m and £140m to build the gas pipeline from Scotland, the savings would still justify the project.

Gas in Northern Ireland, at approximately 60p a therm, costs more than three times the mainland price, because it is derived from naphtha.

The Government, although it has not specifically said so, wants to phase out the use of gas as an energy source in Northern Ireland because of the high cost and because it feels a pipeline from Scotland would not be viable.

Few of the 13 private companies providing gas in Northern Ireland make a profit.

The report from Coopers and Lybrand was commissioned by the Northern Ireland Gas Employers Board, whose chairman is Mr. Harold McCusker, the official Unionist MP for Armagh.

# Housing starts up in May

By Michael Cassell

THE NUMBER of housing starts recorded in May was the highest it has been for the past six months, says the Department of the Environment.

Building began on 17,000 houses and flats against 15,000 in April and 20,100 in May 1979. This is the best figure since 19,200 last November.

It includes 6,200 homes in the public sector with the rest private.

In the March-May quarter housing starts were 20 per cent down on the preceding quarter and 18 per cent lower than the March-May 1979 figure.

The total number of homes completed in May was 19,100, the highest monthly figure since December. This represented an increase of 1,000 over April and was only 400 down on May 1979.

This was made up of 8,500 in the public sector and 10,300 in the private market. Total completions in March-May were 5 per cent down on the previous three months, but 2 per cent higher than the 1979 total.

Around 26,000 local authority homes were converted or improved in England during January-March, 1980, an increase of just over 3,000 on the previous quarter.

# Competition cuts petrol prices

BY SUE CAMERON

PETROL PRICE competition hotted up yesterday as BP Oil and Mobil followed the lead set by Shell and Esso at the weekend and cut their wholesale prices. But motorists in some areas have begun to complain that wholesale price reductions are not being reflected in filling-station prices.

Mobil has cut the wholesale price of all grades of petrol by 1.73p a gallon and BP Oil has reduced its wholesale prices by 1.5p a gallon. The cuts are expected to enable some dealers to lower their pump prices by 2p a gallon.

Both companies stressed that the price reductions had been forced on them by "fierce" competition in the market place. BP, which has raised its wholesale petrol prices by 8.5p since the beginning of the year, admitted that it was still suffering from increases in the price of its crude oil.

BP Oil said yesterday that total UK petrol demand in the past few months had shown "little increase" on the same period last year. Yet there was plenty of petrol available. The industry is forecasting a 1 per cent fall in overall demand for petrol this year — a drop of 55m gallons in terms of sales volume.

# Freight complex planned

BY LYNTON McLAIN

CONSTRUCTION has started at Leeds of a series of warehouses which may be developed into an advanced road/rail freight complex, costing £15m by 1985.

Garonor Developments (UK), a subsidiary of the Co-partnership Property Group, part of the Rosehaugh property investment group, has taken out a 150-year lease on British Rail land close to the city centre and the M1.

The 40-acre site is also next to British Rail's Freightliner terminal and the privately-owned Leeds container base.

The initial warehouse development is expected to cost £2m and will be ready by next April. However, the company's long-term plan, if the freight market develops, is to build up freight and storage handling facilities by the mid-1980s.

British Rail said yesterday: "Substantial cost benefits may accrue to industry from the proposed developments at Leeds." The scheme may also improve the environment, by integrating lorries more closely with the rail freight network.

# Industry loan rates cut 1%

INTEREST RATES for loans under section 7 of the Industry Act 1972 were reduced by 1 per cent yesterday.

The rate on loans for employment-creating projects (Category A) was cut from 12½ to 11½ per cent and on loans for modernisation projects not providing additional employment (Category B) from 15½ to 14½ per cent.

# Inquiry into mystery ship blast opens

BY WILLIAM HALL, SHIPPING CORRESPONDENT

FORMAL investigation into the explosion which ripped apart the Liberian-registered carrier, Berge Vanga, began in London yesterday.

The mystery surrounding the loss of the 224,000 dwt ore/oil carrier last October has been heightened by the remarkably similar circumstances in which its sister ship, the Berge Istra, was lost in December 1975.

Both were owned by Sig. Bergesen, one of Norway's most reputable shipping companies, both were en route from Brazil to Japan with a cargo of iron ore, and both had previously carried oil. Neither ship had time to transmit distress signals.

The only difference between the incidents was that there were two survivors from the Berge Istra. All 40 Berge Vanga crew were lost.

Apart from the lack of eyewitnesses, the Liberian investigation into the cause of the accident has been made more difficult by the almost complete absence of wreckage.

The findings of the earlier inquiry were inconclusive.

The formal investigation is sitting under the chairmanship of Sir Gordon Willmer.

In his opening statement, Dr. Frank Wiswall, admiralty counsel to the Liberian Bureau of Maritime Affairs, outlined the main areas of investigation. The court would consider if there was an explosive mixture aboard and, if so, where. It would also consider possible sources of ignition,

# Demand grows for Indian miniatures at auctions

## SALEROOM

BY ANTONY THORNCROFT

THE GROWING demand for Indian miniatures was well illustrated at Sotheby's yesterday when they sold for £168,894, with just 2 per cent bought in. The top price was the £7,800, plus the 11.5 per cent buyers premium and VAT, paid for a portrait of Bahadur Shah II, the last Mughal emperor, painted around 1838 by Ghulam Ali Khan. Maggs paid £7,200, well above forecast, for a watercolour of six of Colonel Skinner's young recruits.

It was one of a number of watercolours of the company School of Indian art belonging to Malcolm Fraser which did particularly well. A watercolour of his ancestor William Fraser's brown stallion sold for £7,000. A Pahari miniature of a princess painted at Kangra around 1800 also sold above forecast, going to H. Kraus, the New York dealer, for £6,500.

The auction continues today with the Islamic section which includes the "World History" of Rashad al-Din, which could make in excess of £250,000.

There were some very high prices in Sotheby's sale of paperweights. A hitherto unrecorded flower-weight, possibly the work of the "Fourth factory," Messrs. Monot Père et fils, et Stumpf, went for £17,000 while a very rare St. Louis upright bouquet basket-weight realised £15,000.

Christie's disposed of Chinese export porcelain yesterday for £134,000, with a top price of £18,000 for a blue and white armorial dinner service. A pair of famille rose armorial tureens, covers and stands, Qianlong, sold for £10,000.

At Christie's, South Kensington, there was the first separate print sale; in the past they have been included with water-colours. Now they get a monthly auction to themselves.

# Agency sells Ballentyne share

By Ray Perman, Scottish Correspondent

THE SCOTTISH Development Agency said yesterday that it had sold its controlling interest in the Border woollens company, Henry Ballentyne and Sons, to the Dawson International textile group.

Dawson has acquired 50.2 per cent of Ballentyne's shares for £500,000.

It is offering 62.23p a share for the remaining equity, held largely by the Ballentyne family. The Ballentyne board is recommending acceptance.

Ballentyne has been suffering badly from the slump in the textile market and lost £137,000 last year.

It first invested in the company in 1977 and stands to make a £250,000 loss on the deal.

The agency has now sold back to the private sector stakes in six companies. Tozer Kemsley Milbourn, the motor and trading group, has signed an option to buy a seventh.

# Retail spending falls on durables, clothing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING in the shops on durable goods and on clothing is now falling sharply, while the big drop in new car registrations has led to a decline in new consumer credit business.

Figures published yesterday by the Department of Trade illustrate the extent of the weakening of consumer confidence and the fall in spending since the early spring.

The final estimate of the volume of retail sales in May has been revised downwards to 100.6 (1976=100, seasonally adjusted) compared with a preliminary figure of 101. This index is more than 2½ per cent less than the average level in the first three months of this year.

The sharpest declines have come, as expected, in areas of discretionary spending. For example, expenditure on household good in May was nearly 5½ per cent less than in the first three months of this year. On the same comparison spending on clothing and footwear was 3½ per cent down.

All the reports from the retail trade suggest that demand has weakened further since the end of May. This has been reflected in the series of price-cutting sales now under way.

The fall in retail sales has also affected the amount of hire-purchase business. This has, additionally, been affected by the fall in new car sales. In May the amount lent by finance houses and other specialist agencies was £376m, substantially less than the average of nearly £413m in the previous three months.

## New credit

There was also a decline in May in the new credit extended by retailers—down to £245m from an average of £247m in the previous three months.

Consequently, total new credit extended in May was £621m — the lowest figure so far this year.

Total advances between March and May were 1 per cent higher than in the previous three months. Lending by finance houses and other specialist consumer credit grantors increased by 2 per cent in the period, while lending by retailers dropped by 2 per cent. These figures are in current prices and the rate of inflation was larger than these changes so there is likely to have been a real fall in the overall volume of business in the period.

On a similar three-month comparison the volume of retail sales dropped by roughly 1 per cent in the March and May period.

Sales by household goods retailers fell by 4 per cent while the trade of clothing and footwear retailers dropped by 2 per cent. Sales of other non-food retailers fell only slightly and the business of food shops rose by 2 per cent.

Based on non-seasonally adjusted data, the value of total retail sales in May was 11 per cent higher than a year earlier. In the first five months of this year, the average value of sales was 16 per cent more than in the same period of last year.

# Metal Box to make 220 redundant

By Lisa Wood

METAL BOX, the largest can producer in the UK, is to make two-thirds of its workforce at its Crawley plant redundant.

The Crawley plant, in Sussex, is one of eight factories in the company's engineering division. About 220 of the 330 workers will be affected by the redundancies, starting in October.

Metal Box had tried to increase the workload at the factory by transferring work from others in the engineering division. But the continuation of this policy would have meant redundancies in the other plants. The company blamed the depression in the engineering industry, and the general recession, for the falling demand for its can-making machines.

The Aluminium Corporation, part of the British Aluminium Group, is to make 70 of its workers in the Conwy Valley, North Wales, redundant by mid-August.

The remainder of the 500 workers at the plant in Dolgarrog will be put on a three-day week after the annual holiday

The company said the decision was part of a programme to overhaul production costs and reduce overheads, coupled with efforts to extend the company's product range.

# City telecommunications problems reach worrying proportions

**TELECOM fortnight began yesterday. For the next two weeks a number of telephone exchanges in the four biggest London telephone areas will open to the public.**

***Visitors will be able to see how exchanges work and question British Telecom managers on the way in which they provide the telephone side of the service. Jason Crisp conducts his own examination.***

THE City of London's lifeblood is communication. Yet it has the worst telecommunications supply problem in the country.

The Post Office, concerned at the size of the problem, admits that it takes nine months to install a small, private exchange, a year to install a telex line, and 13 months to put in a private circuit in the City area.

Telecommunications managers from some of the best known City organisations believe that Post Office estimates are optimistic. A wait of 18 months is often needed for the installation of a private circuit, they say. Delays in supplying a private circuit, a tied line permanently connecting offices, are probably worse in London than any other major centre in the world.

Mr. Frank Hawkins, business manager of AP-Dow Jones, in London, says it takes more than three times as long to get a private circuit in the City as in the 30 countries which he has dealt with, including Third World countries.

Lloyds, which is facing competition from the new insurance market in New York, is particularly worried that private circuits and telexes are much more readily available there. It fears that Post Office problems will hold back the development of its own intelligence services, vital for an insurance market. Several major international banks are talking of avoiding the UK when setting up centres for their information processing computers in Europe.

For small companies, the problem is getting small exchanges and telex lines. At present the Post Office has a monopoly of the supply of all exchanges with fewer than 100 extensions.

The present range of small exchanges which it supplies are antiquated — mostly based on 19th century technology — the most popular model is in short supply.

An electronic exchange called Monarch, which is highly thought of, developed by the Post Office, and manufactured by Plessey and GEC, is due to be introduced in September.

However, initial production of the exchange is not expected to be very high, so that supply difficulties for small automatic exchanges will not be greatly eased for some while.

In addition, the Post Office's sales staff, which has a union recognition dispute with the corporation, is at the moment blacking the new exchange.

The major problem for large companies is the provision of private circuits, particularly for computer data transmission.

In this case the major reason for the delays is not a shortage of equipment, but a work backlog.

Dr. Peter Troughton, who has been appointed general manager of the City area, describes the present provision of services as quite unacceptable.

He says: "We don't have much of a problem with exchange capacity or the amount of wire in the ground. The problem is the queue of work. One of the ways I am trying to solve that is to recruit 800 technicians this year, which is the absolute maximum the organisation could absorb."

Why is there such a backlog? The Post Office points to two industrial disputes. First, an overtime ban by the Post Office engineering union in 1978 when engineers who refused to work normally were sent home.

Second, last year's strike by computer staff stopped the processing of orders and made it difficult to get equipment from stores.

The Post Office frankly admits the difficulties, but says it is working hard to improve the service. Even so, Dr. Troughton says it is unlikely the level of service will be acceptable for at least another 12 to 18 months, depending upon the strength of demand.

However, at a meeting on Friday, of some members of the Telecommunications Managers Association, from companies including BP, Unilever, Bank of America and Lloyds, expressed considerable scepticism.

One manager said: "I am tired of hearing that old record from the Post Office, admitting there is a problem and promising it will solve it. I do not believe the management has either the resources or the will in which to create a telecommunications environment in which the business community will flourish."

What is the Post Office doing? Well, Dr. Troughton has come as a troubleshooter. One of his first actions has been to embark on the massive recruitment campaign. It is so big that engineers are having to be trained in other London areas. He is also trying to change management style.

"Our recovery plans are going to make a significant change in the way we work. We will be much more performance-oriented. The staff are very competent and with the right organisational changes, we can improve our performance," he said.

# R-R management structure changed

BY LYNTON McLAIN

ROLLS-ROYCE has announced management structure changes designed to strengthen the executive board's powers and centralise control of operations covered by the three manufacturing divisions.

A central management group will be based at the company's headquarters in Buckingham Gate, London.

The Aero Division, which makes aero-engines and is based at Derby, has ceased to exist as an "accountable unit" of Rolls-Royce. It is now managed from London.

Similar changes are to be made in the next few months to the Industrial and Marine Division at Anstey, Coventry—which develops and sells non-aero versions of the aircraft engines—and to the Nuclear Division at Derby, which designs and builds small nuclear power plants for submarines.

The changes were planned by Sir Frank McFadzean when he took over as chairman of the board in January.

He said: "The need to co-ordinate operations became evident some years ago and that was why the Aero Division was set up."

But "operational complications" arose when a headquarters was established in London resulting in top management imbalance and "some confusion" about where responsibilities for major decisions lay.

Mr. Dennis Head becomes managing director, operations, responsible for all operating units and work programmes. He is on the main board.

Mr. Donald Pepper becomes managing director, commercial, responsible for co-ordinating commercial and marketing policies. He also supervises all overseas' representatives.

Mr. Ashley Raeburn becomes managing director, planning and administration.

Mr. Peter Molony remains as director, finance. He is responsible for accounting, Treasury and taxation matters and computer services.

Two other executive committee directors are Mr. Alan Newton and Mr. Trevor Salt. Mr. Newton becomes director, engineering, and Mr. Salt becomes director, manufacturing.

# Senior staff now given longer notice in contracts

BY JAMES McDONALD

THE LENGTH of notice provided in contracts to directors, managers and specialist staff has lengthened in the last five years, says a survey of employment contracts by the British Institute of Management.

The survey, based on questionnaires completed by 100 companies, shows that in indefinite-length contracts, 35 per cent of the sample — compared with 11 per cent in a 1974 survey — now guarantee directors one year's notice of termination of employment or more.

"This trend . . . is shown at all levels, but is especially pronounced at senior management level and above. The minimum length of notice quoted most frequently at these levels is three months but 63 per cent of the directors and 49 per cent of heads of major functions would expect to receive more than that."

The survey shows that 44 per cent of companies use the statutory minimum for some or all senior staff.

Written contracts for such staff are provided by 96 of the 100 companies. Company size is not a significant factor here, but it does affect the range of provisions included in the contracts.

Fixed-term contracts — used mostly by companies with over 1,000 employees for below-board level and usually for 3 years — are less common than five years ago. Their disadvantages include the high cost of termination before the expiry date, and lack of flexibility in varying contract terms.

● The BIM has also published a booklet for management dealing with some industrial and social consequences of technological change. It stresses that managers will need the full support of their workforces in implementing change "and must learn to avoid the consequences of destructive militancy and how to unwind costly and inefficient practices."

*"Contracts of Service" by Angela Wright; "The Industrial and Social Consequences of Technological Shock"; British Institute of Management, Management House, Parker Street, London, WC2.*

# New warship Invincible joins fleet on Friday

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE ROYAL Navy's latest warship, the £250m anti-submarine warfare carrier, Invincible, is to be commissioned into the fleet at Portsmouth on Friday. The Queen and the Duke of Edinburgh will be present.

Invincible, designed to lead an anti-submarine warfare task-force, is the first of three such vessels. The others, Illustrious and Ark Royal, are being built. Invincible was launched at Vickers Barrow-in-Furness yard in May, 1977.

With a displacement of 16,257 tonnes, she will carry nine Sea King helicopters and five Sea Harrier combat aircraft.

Her complement will be 750 officers and men, commanded by Captain Michael Livesay.

● This year's Farnborough flying display and exhibition will be the biggest international air show staged in Britain, with nearly 500 companies from 14 countries booking space.

More than 50,000 trade and technical visitors are expected to attend on the first four days from Monday, September 1, to Thursday, September 4, and more than 200,000 members of the public on the following three open days.

Aircraft not seen in the UK before will include the French Dassault Mirage 4000 advanced combat aircraft and the UK's Airborne Early Warning (AEW) version of the Nimrod military aircraft.

# Lower birth rates 'vital for future'

By Lisa Wood

CONTROL of world population growth is crucial in any examination of the future, said Mr. Patrick Jenkin, Social Services Secretary, when he opened the World Fertility Survey Conference yesterday in Wembley.

Mr. Jenkin said that although most increases in population would happen in the Third World, developed countries must "treat this as a crisis to be shared."

# UK NEWS—LABOUR

## New pay limit for top civil servants

By Philip Bassett, Labour Staff

THE GOVERNMENT has imposed increases of 14.7 to 16.6 per cent for about 1,750 senior civil servants without securing union agreement.

The increases are considerably lower than the average rise of 18.75 per cent enjoyed by lower grades in the service, and are likely to further strain pay relations within higher-grade Whitehall staff.

The rises for about 1,100 assistant-secretaries and some 650 senior principals follow the reduced rises awarded by the Government to very senior civil servants in the service's open structure, whose pay is covered by the Top Salaries' Review Body, chaired by Lord Boyle.

Though the pay of the two grades is ostensibly supposed to be determined by the service's pay research comparability system, the major influence in setting the new levels is the Boyle rise recommended for under-secretaries, the grade immediately above.

Pay research evidence had shown assistant-secretaries to be due new rates of £22,000 to £23,000, depending on the evidence, compared to a maximum of £17,000 now, and senior principals £18,000 to £18,700 compared to the present maximum of £15,000.

But following the Government's decision to limit the rate due to under-secretaries to £20,500 rather than £23,500 as recommended by Boyle, Civil Service unions were told formally yesterday that the new rates for assistant-secretary would be £16,500 to £19,500 and for senior principals £14,000 to £17,500, rises at the maxima of 14.7 and 16.6 per cent.

Sir Ian Bancroft, head of the Home Civil Service, also told the unions that they would not be able to take the rises to arbitration. The Government had previously agreed last November to allow for the two grades.

The Government's tought line over the final two research-based grades follows the imposition of the main 18.75 per cent deal for the body of the service.

Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, which mainly represents the two grades, saw the Government's stance as a signal of its likely refusal to honour the pay agreement for the service again next year.

He said: "We are making plans to ensure that the Government will have a winter of wage discontent in the Civil Service if it is going to repudiate wage agreements like this for the rest of the service."

## Unemployment 'should be focus of TUC campaign'

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC's powerful economic committee will tomorrow consider proposals from unions on the future of its campaign for economic and social advance. One, from the General and Municipal Workers Union, the country's third biggest union, says unemployment should be the central theme of the campaign.

The committee, which includes leaders of the major unions, will also discuss an invitation from the TUC's Polish counterpart to send a delegation to Poland in September to discuss trade between the two countries.

Among other matters on the agenda will be the progress made in talks between the TUC and the CBI on a new technology agreement, the recommendations of the Wilson Committee on financial institutions and progress in the campaign for reduced working time.

At its meeting last month, the economic committee asked affiliated unions how the campaign for economic and social advance should be conducted. The GMWU's recommendation, expected to carry some weight, argues for the campaign to focus on unemployment, which is felt to be the most serious issue and the one where the Government is on its weakest ground.

At the same time, the GMWU argues for regional demonstrations rather than national ones like the Day of Action on May 14, and for closer co-operation between the TUC and the Labour Party in the campaign.

The meeting with Polish trade union leaders, which, if approved by the committee, would take place after the TUC congress in September, will cover issues such as investment as well as Anglo-Polish trade. The TUC does not intend to act as an arm of the Government in these matters, but it is felt that points of common interest to trade unionists should be discussed.

On new technology, the committee last month approved talks between the TUC and the CBI on a new technology agreement, setting out guidelines for negotiators on both sides of the industry. If successful, these talks could pave the way for further meetings between the organisations on imports, investment, employment and possibly pay—though this is still a matter of contention.

Some progress has been made on the technology agreement at senior official level. A revised CBI draft of the agreement has been approved by is employment committee, but the significant differences between this and the TUC's draft are not seen as insurmountable.

## CBI wants Employment Bill made law quickly in its present form

BY NICK GARNETT, LABOUR STAFF

THE CBI has responded to attempts in the House of Lords and the House of Commons to stiffen the Employment Bill.

It said yesterday that the Government should press ahead with the Bill as it stood and have it on the statute book as soon as possible.

To make major changes in the Bill, said the CBI, "would be a reversal of the Government's whole approach to legal reform which would damage the chances of the Bill being widely accepted as fair and reasonable."

The CBI statement followed a similar one at the weekend by the Engineering Employers Federation. The federation said stronger measures could produce a bitter atmosphere which would badly affect discussions over the Government's proposed Green Paper on industrial relations legislation.

The CBI conceded that industry was divided over the issue of changing trade union immunities from the consequences of secondary action. Many CBI companies would have liked the Government to have gone further.

The Institute of Directors, and the Association of British Chambers of Commerce will be supporting attempts in the Lords tonight to change Clause 17 in an attempt to outlaw all secondary action. The institute said yesterday that unless this was done the spread of secondary action might become a more usual form of industrial action. It says many small and medium-sized companies support its view.

### Secret ballots

Mr. Walter Goldsmith, institute director-general, said his group wanted the eventual phasing out of the closed shop, compulsory secret ballots under certain circumstances and, reluctantly, the placing of union funds in a more vulnerable position through changes in the immunities afforded to unions.

On the immediate attempts to change the Bill, there appeared to be some scepticism among institute officials that they would be successful.

The CBI said its policy had always been that the Government "should first remedy major abuses, particularly on secondary picketing and the closed shop, so that legislation is in existence this winter.

**Elinor Goodman writes:** Tory moderates in the Commons yesterday rallied their forces behind Mr. James Prior, the Employment Secretary, in an attempt to counter the highly publicised campaign by the party's Right-wing to get the Government to toughen up the provisions in the Employment Bill dealing with secondary industrial action. A group of Tory backbenchers were last night collecting signatures for a motion deploring any attempt to delay the passage of the legislation which, they insisted, reflected the party's manifesto commitment.

At the same time, there were indications that Lord Thorneycroft, the Conservative Party chairman, would add his weight to the Government's attempt to avert a revolt of its backbenchers in the Lord's today by intervening in the debate.

## Lecturers present 32% claim

By John Lloyd, Labour Correspondent

COLLEGE LECTURERS are claiming a 32 per cent wage increase in evidence to the arbitration panel on the pay of further education teachers.

The National Association of Teachers in Further and Higher Education asks the panel, which meets tomorrow, to take account of the Houghton Committee's recommendation in 1974 that teachers' pay rises should be based on the rise in the index of average salaries.

Its claim was produced before the Clegg Commission on pay comparability recommended two rises, totalling 18 per cent, to further education teachers this year.

The panel was set up after local authorities reduced their offer from 14 per cent to just over 9 per cent, after an error in Clegg's awards.

The association is also seeking structural changes to provide better promotion prospects.

## Bank refuses to improve pay offer

By Nick Garnett, Labour Staff

THE BANK of England refused yesterday to improve its pay offer to staff of 17 per cent on salaries.

The Bank and its staff association agreed to use the conciliation powers of the Advisory, Conciliation and Arbitration Service to try and resolve the dispute in which the association is claiming rises of between 20 and 30 per cent.

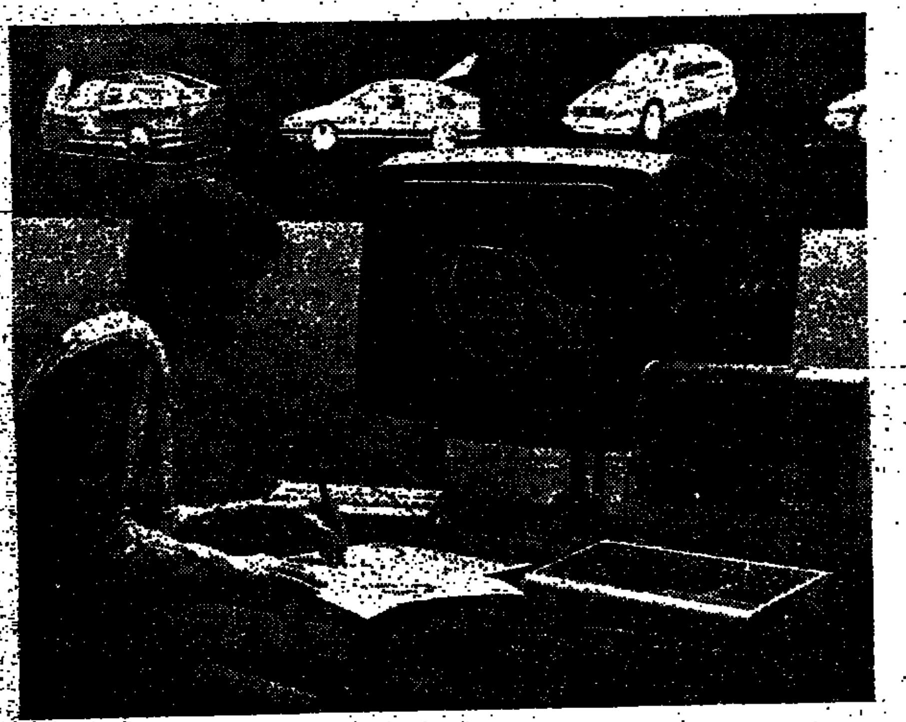
The recognition agreement between the Bank and the Bank's staff organisation means the dispute will go to binding arbitration if conciliation fails.

The Bank says it would not go outside the 14 per cent cash limit for nationalised bodies. The staff association, however, says that taking staff reductions into account the Bank could make a much improved offer even within the 14 per cent limit.

# A firm basis for dynamism in the eighties

## Our Research and Development

The motor car has proved itself the most flexible mode of transport. Not only does it meet people's various requirements for mobility. It has also shown itself to be adaptable to changing environmental conditions and energy situations.
In order to remain at the forefront in this continuous process, Volkswagen's research and development division is running in top gear. Reduction of fuel consumption, while at the same time maintaining standards of comfort, driving characteristics, performance and reliability, stands at the top of our list. To this end improved aerodynamics, still lighter design, further improved engines, alternative fuels and transmissions, the development of electronic indicators and operating elements for facilitating energy-conscious driving play an equally important part with computer-aided design methods which at the same time increase the speed of development.
The motor vehicle has become one of the most important tools of mankind. We research and develop on all levels in order to maintain its special versatility.



## Our Production

Whatever is of use to mankind, secures jobs and saves energy, has to be good.
Examples from Volkswagen:
In seat production we have replaced the assembly line by new, adjustable assembly trolleys. The workers can carry out all the jobs in turn. The new seat production line is also more economical than the old method.
A new process in the drying of a coat of paint saves us 27.3 % in heat energy.
With a series of improvements in our production plants we have reduced our consumption of primary energy for the production of a vehicle by 20.8 % since 1973.
In order to remain competitive we employ the most advanced production methods and keep administration costs down. At the same time we see in the humanisation of jobs a way of maintaining competitiveness. For a worker who is satisfied in his job does it better. And better work means better cars.

## Our Products

Economy in consumption and high quality are features which have given our vehicles the good reputation they have. Not only have we considerably reduced fuel consumption through our diesel engines, but our petrol engines too are especially economical units.
With an energy-conscious driving style every motorist can contribute to the most effective use of fuel in his Volkswagen. Driving at low revs for example, that is in the highest possible gear, means a considerable reduction in fuel consumption while maintaining speed.
In this development we are continuing to make progress. With more extensive use of electronics, with still greater refinement of engine and transmission design and more accurate control possibilities, our vehicles for the eighties will be capable of being driven still more economically.
Through responsible planning and development, future mobility with the motor car is assured.

## Our 1979 Financial Statements

**Excerpt from the Financial Statements of the Volkswagen Group for the Year 1979 (figures in million DM)**

| Balance Sheet December 31 | 1979 | 1978 |
|---|---|---|
| **Assets** | | |
| Property, plant, equipment and intangible assets | 6,648 | 5,903 |
| Investments | 450 | 205 |
| Adjustment items arising from initial consolidation | 286 | 205 |
| Inventories and advance payments to suppliers | 4,403 | 3,492 |
| Trade accounts receivable | 1,058 | 794 |
| Liquid funds, own stock | 5,932 | 5,403 |
| Miscellaneous other current assets | 3,064 | 2,263 |
| | 21,841 | 18,265 |
| **Liabilities** | | |
| Capital stock of Volkswagenwerk AG | 1,200 | 1,200 |
| Consolidated reserves, minority interest, reserves for special purposes | 5,152 | 4,562 |
| Old-age pensions | 2,749 | 2,341 |
| Other undetermined liabilities | 4,016 | 3,120 |
| Long-term liabilities | 1,828 | 1,981 |
| Other liabilities and allowance for doubtful trade acceptances and accounts | 6,656 | 4,872 |
| Net earnings after reserve transfers | 240 | 189 |
| | 21,841 | 18,265 |

| Statement of Earnings for the Period Jan. 1 — Dec. 31 | 1979 | 1978 |
|---|---|---|
| Sales | 30,707 | 26,724 |
| Increase in inventories, material, wages and overheads capitalised as additions to plant and equipment | 931 | 561 |
| Gross performance | 31,638 | 27,285 |
| Cost of materials | 15,835 | 14,099 |
| Labour cost | 9,113 | 7,656 |
| Depreciation | 1,696 | 1,456 |
| Taxes | 2,081 | 1,692 |
| Sundry expenses less sundry income | 2,246 | 1,808 |
| Net earnings | 667 | 574 |
| Volkswagenwerk AG's net earnings brought forward | 3 | 2 |
| Change principally in consolidated reserves | 430 | 387 |
| Net earnings after reserve transfers | 240 | 189 |

The complete Group Financial Statements and the Financial Statements of Volkswagenwerk AG carry the unqualified confirmation of the Auditor and will be published in the Bundesanzeiger (Federal Gazette) early in July.

**Declaration of Dividends**
— Securities Code No. 766 400 —

At our company's statutory Annual Meeting of Stockholders on July 3, 1980, it was decided that per DM 50.— stock value, a dividend of DM 10.— shall be paid for the business year 1979.
Outpayment of the dividends less 25 % capital gains tax can take place immediately upon submission of the dividend coupon no. 19 to the appointed payment offices.

Payment offices in West Germany are located in Berlin, Bochum, Brunswick, Bremen, Cologne, Düsseldorf, Essen, Frankfurt (Main), Hamburg, Hanover, Munich, Münster (Westf.), Saarbrücken, Stuttgart, Wolfsburg:
Dresdner Bank AG; Bank für Handel und Industrie AG; Deutsche Bank AG; Deutsche Bank Berlin AG; Commerzbank AG; Berliner Commerzbank AG; Bank für Gemeinwirtschaft AG; Bayerische Hypotheken- und Wechsel-Bank; Bayerische Landesbank Girozentrale; Bayerische Vereinsbank; Joh. Berenberg, Gossler & Co.; Berliner Bank AG; Berliner Handels- und Frankfurter Bank; Deutsche Genossenschaftsbank; Deutsche Girozentrale — Deutsche Kommunalbank —; Hessische Landesbank — Girozentrale —; Merck, Finck & Co.; Norddeutsche Landesbank Girozentrale; Sal. Oppenheim jr. & Cie.; Trinkaus & Burkhardt; Vereins- und Westbank AG; M. M. Warburg-Brinckmann, Wirtz & Co.; Westdeutsche Landesbank Girozentrale; Westfalenbank AG; Commerz-Credit-Bank AG Europartner; Deutsche Bank Saar AG; Norddeutsche Volksbanken AG;

as well as in Austria in Vienna:
Österreichische Länderbank Aktiengesellschaft; Creditanstalt-Bankverein; Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft; Bank für Arbeit und Wirtschaft Aktiengesellschaft; Genossenschaftliche Zentralbank Aktiengesellschaft; Schoeller & Co.;

and in Belgium in Brussels:
Banque Bruxelles Lambert S.A.; Société Générale de Banque S.A.; Kredietbank N.V.;

and in Luxembourg:
Banque Internationale à Luxembourg S.A.;

and in Switzerland in Zurich, Basle, Geneva:
Schweizerische Bankgesellschaft; Schweizerische Kreditanstalt; Schweizerischer Bankverein.

Wolfsburg, July 1980

Volkswagenwerk Aktiengesellschaft
The Board of Management

## CONTRACTS AND TENDERS

### KILEMBE MINES LIMITED

**A GOVERNMENT OF UGANDA OWNED MINING COMPANY**

**P.O. Box 1, Kilembe, Uganda**

**PREQUALIFICATION OF TENDERERS FOR THE COBALT AND REHABILITATION PROJECTS**

**Invitation**

Kilembe Mines Limited Board of Directors invites applications for prequalification from consortium or firms interested in tendering as contractor for:—

(a) Cobalt Project which includes Sulphuric Acid Plant.
(b) Rehabilitation of the Mine, Concentrator and Smelter.

**Requirements for Prequalification**

Prospective tenderers *shall be required to satisfy Kilembe Mines Ltd.* that they meet the following requirements:—

(1) They have successfully completed similar projects costing not less than U.S.$ 70 million within the last seven years.

(2) They have submitted details of experience in handling, as main contractor, contracts of similar scope and magnitude including complete project description, details of actual schedule achieved, main subcontractors used, owner and station name.

(3) They have submitted balance sheets and statements of profit and loss for the last 3 years and contracted value of work completed during the period which demonstrates their financial abilities to perform the work specified.

(4) They have submitted financial references including the name of their bankers.

(5) They have submitted details of construction equipment and manufacturing facilities which they intend to employ and demonstrated that these are competent to carry out the work.

(6) They have submitted details of their Engineering staff and technicians who will carry out the work.

***Submission of Application***

Application for prequalification accompanied by the requested information shall be submitted to the address below to arrive not later than 15th August, 1980:

Kilembe Mines Ltd.
*P.O. Box 1, KILEMBE, UGANDA*

For the Attention of:— Cobalt Project Controller
and marked " PREQUALIFICATION — K.M.L. PROJECTS."
Qualified applicants will be notified by Kilembe Mines Limited.

***Issue of Tender Documents***

(a) Only qualified tenderers will be permitted to bid.
(b) Qualified tenderers shall have to bid for Cobalt Project and Rehabilitation Project separately and also for both combined.
(c) Tender documents will be available for purchase by tenderers by mid-November 1980 at the address given above.
(d) A non-refundable deposit of U.S.$ 6,000 will be required for each set of tender documents.

JAAO/bk

### SYRIA

**TO SUBMIT OFFERS TO THE SYRIAN PETROLEUM COMPANY FOR THE PROJECT OF GAS WELL COMPLETION, TESTING AND RESERVE ESTIMATION AND FIELD DELIVERABILITY ON THE BASIS OF FULL CONTRACTOR'S OBLIGATIONS FOR THE WHOLE PROJECT, INCLUDING EQUIPMENT, STUDIES AND TRAINING.**

The Syrian Petroleum Company has the pleasure to invite you to participate in submitting an offer for the Project of Gas Well Completion, Testing and reserve Estimation and Field Deliverability, in accordance with the preliminary conditions and the main statistic indicated in the Terms of Reference.

Contracting with the Tenderer with whom an order will be placed will be effected after establishing a *Performance Guarantee* amounting to U.S.Dlr.100,000 only (one hundred thousand U.S.Dlr.). Confirmed by the Commercial Bank of *Syria Branch No. 1 Damascus, within 15 days of being notified placing order with him.*

Please find hereinafter some provisions which will be included in the Contract:

1—The Contractor and his non-Syrian sub-Contractors will not bear any taxes or duties or stamp charges accrued from executing or signing the Contract within the territory of the Syrian Arab Republic.
2—The Contractor has the right of temporary admission for the equipment, the machinery and the vehicles necessary to the work and to the transportation of his working personnel, into the S.A.R.
3—The *Syrian Petroleum Company* (S.P.C.) undertakes to ensure lodging and accommodation to the contractor's individuals when found in the Syrian Oilfields.
4—The S.P.C. will pay a down-payment amounting to U.S.Dlr. 250,000 only (two hundred and fifty thousand U.S. dollars) in the return of a Guarantee confirmed by the Commercial Bank of Syria.
5—The due payments to the Contractors will be effected by an irrevocable and divisible letter of Credit in the return of submitting performance documents approved by the SPC, according to a scheduled time, after deducting the proportion of every lot from the down-payment.
(It is preferable to be suggested by the Contractor and be attached with his offer).
6—The Contractor has to nominate a Manager dwelling in Syria during the Contract period, having widest authorisations.
7—The SPC will offer the assistance necessary to the Contractor when dealing with the Syrian Authorities.
8—The SPC will achieve—on behalf of the Contractor the clearance of official papers related to the Contractor's supplies, signing the transport Contract and Insurance Contract, during the transportation of the supplies from the port of destination to the working sites, till they will be re-exported or bought by the SPC.
*The SPC will bear and pay the financial charges accrued from the Transport* and Insurance Contracts, in such a way that it should not contradict with the possession of the supplies by the Contractor, and that he remains the owner of the right of the insurance amount, and consequently responsible about the replacement of the supplies which will be exposed to an accident during the transport within the territories of the SAR.
9—The duration of the execution of the Contract is one year beginning from the date of starting work.
10—The Contractor will be charged to pay a delay penalty for every delaying day in the execution of the Contract amounting U.S.Dlr. 1,000 only (one thousand U.S. dollars) provided the whole delay penalty will not exceed 10 (ten) per cent out of whole amount of the Contract.

In case you are interested to submit an offer, please adhere to the following:

A. The proposal should include the following information—
(a) A brief description of the Contractor's organisation, history and experience on assignments of similar nature.
(b) Any comments or suggestions on the Terms of Reference.
(c) A study plan showing the manner in which the assignment would be carried out.
(d) Professional background, present position, post experience, publications *and last assignments of project director proposed and of his key* investigators.
(e) Outside consultants or subcontractors proposed to participate in the assignment, including their qualifications.
(f) Comments pertaining to the safety requirements for the project.
(g) The environmental aspects of producing sour natural gas.
(h) The proposed training programme for the selected S.P.C. personnel.
(i) A breakdown of the times to be spent in and outside Syria should also be specified.

The proposals received by the deadline will be evaluated on the basis of overall technical merit including the following:
1—Experience of the bidder in gas well completion and testing sour high pressure gas wells.
2—Understanding of the problem.
3—Proposed methodology.
4—Capabilities of personnel proposed for the work.
5—Organisation and in-house engineering capacity.
6—Time schedule offered for the execution of the assignment.

B. The offer is to be submitted and registered at the Archives of the SPC until Thursday, 31 July 1980 at most.
C. The offer should contain three similar copies, to be put into two envelopes: the *first contains the technical conditions and documents, and the second* contains the prices and financial terms. The two envelopes should be put inside one envelope closed and sealed by the seal of the bidder, on which the following address is to be put:

SYRIAN PETROLEUM COMPANY,
DAMASCUS — P.O. BOX 2849,
File No. 43/80,
SYRIAN ARAB REPUBLIC.

ENG. ISSA IBRAHIM YOUSSEF, General Director.

Damascus,
29th June, 1980.

### Fare Collection and Ticketing System for Buses

**NEW SOUTH WALES AUSTRALIA**

Tenders closing at 10am on Wednesday 30 July, 1980, are invited for a FARE COLLECTION AND TICKETING SYSTEM and ASSOCIATED EQUIPMENT for ONE-MAN BUS OPERATION on the Urban Transit Authority's fleet in New South Wales, Australia.

Specification embodying general conditions of contract are obtainable from the Operations Manager, Bus, 8th Floor, Transport House, 11-31 York Street, Sydney, New South Wales 2000, Australia (tel (02) 290 4082) (Telex AA25702), and the following New South Wales Government offices:

LONDON – 66 Strand, London WC2N5LZ

*Tenders, in triplicate, are to be forwarded to the* URBAN TRANSIT AUTHORITY, ROOM 505, 11-31 YORK STREET, SYDNEY NEW SOUTH WALES 2000, AUSTRALIA, and if posted, the envelope containing the Tender must bear a postmark clearly indicating that it was posted prior to the stipulated time and date of closing of tenders.

URBAN TRANSIT AUTHORITY OF NEW SOUTH WALES

17528

# NIGERIAN PORT AUTHORITY

**PREQUALIFICATION OF DREDGER BUILDERS**

1. The Nigerian Ports Authority will shortly be inviting tenders from reputable International Dredger Builders, for the building and supply of a sea-going self-propelled Trailing Suction Dredger, with a hopper capacity of 3,000 cubic metres, capable of dredging to a depth of 20 metres.
2. The Consulting Engineers for this project are M/S Bureau Voor Scheepsbouw Ir. P. H. de Groot b.v. of Holland.
3. The tender documents will include detailed technical specifications and proposed contract conditions.
4. Dredger builders of international repute, with wide experience in the construction of trailing suction hopper dredgers, who are interested in tendering for this work, are hereby invited to apply in writing for pre-qualification.
5. For pre-qualification purposes, the following information with documentary evidence must be submitted along with applications by all intending dredger builders, without which such applications will not be considered:
   (a) Full details of the dredger builders' firm with organisational set-up, Management, Engineering Personnel, Labour Force, Facilities, other resources, etc.
   (b) Proof of financial resources and stability; copy of latest published accounts and certificate from bankers.
   (c) List of all similar type of dredgers of equivalent sizes, built by the firm in their own name, with value and brief description and date of delivery, period of building, names of the purchasers; whether or not the delivery was completed in time or otherwise satisfactorily completed.
   (d) Description of dredger building facilities and fabricating shops, which will be utilised for this work.
   (e) Builders to state that they will deliver the vessel provisionally *to the Authority at their building yard after complete sea- and* dredging-trials locally. The builders will then sail the vessel on their own responsibility to Lagos and will hand over the vessel in Lagos after completion of sea- and dredging-trials in Nigerian waters to the satisfaction of the Authority.
6. The Authority reserves the *right to pre-qualify or reject any of the* dredger builders who may apply, without assigning any reasons thereof, and to approach for reference any purchaser named in the pre-qualification application in compliance with paragraph 5(c) above.
7. Application for pre-qualification should be in duplicate, the original copy to be addressed to:

   The Secretary to the Authority
   Nigerian Ports Authority
   P.M.B. 12588
   *Marina Lagos*
   Nigeria

   and the other copy to be addressed to Bureau Voor Scheepsbouw Ir. P. H. de Groot b.v. Port gieterweg 9, 2061 CS Bloemendaal Holland.
8. Both copies which should be in sealed envelopes and marked at the right-hand corner " Hopper Dredger " should be submitted as indicated in paragraph 7 not later than 29th August, 1980.

J. E. KALU
Secretary to the Authority

N.P.A. NOTICE NO. 3242
DATED 19th JUNE, 1980

## REPUBLIC OF ARGENTINA

# HIDRONOR

HIDROELECTRICA NORPATAGONICA SOCIEDAD ANONIMA

**LIMAY MEDIO HYDROELECTRIC PROJECTS**

**Selection of Consultants**

**Contract No. 811 — Preparation of the Project Design and Tender Documents**

HIDRONOR S.A. invites firms or consortia of firms, local as well as international (associated with local firms), from member countries of the Interamerican Development Bank (IDB) who are interested in participating in the presentation of antecedents and *tenders for carrying out the studies of optimization of* the Limay River system between the foot of the Piedra del Aguila Dam and the Lake of the Chocon Dam, the preparation of the project design and tender documents for the principal, accessory and complementary works and for the supplies for each of the Pichi Picun Leufu and Michihuao Projects.

HIDRONOR S.A. initiated transactions with the Interamerican Development Bank in order to obtain the necessary loans to finance this contract.

The procedure for the presentation of antecedents and tenders is indicated in the document " Selection of Consultants for the preparation of the project design and tender documents," which may be purchased for $1,000,000 (one million Argentine pesos), at the offices of HIDRONOR S.A., Leandro N. Alem 1074, 4th floor, (1001) Buenos Aires, Republic of Argentina, or at Presidente Yrigoyen 379, (8324) Cipolletti, Rio Negro, Republic of Argentina, from 8th July, 1980.

The reception of the antecedents and tender will take place at the HIDRONOR S.A. offices located at Leandro N. Alem 1074, (1001) Buenos Aires, Argentina, at 16.00 hours on the 7th October, 1980.

### République du Sénégal
### Ministère du Développement Rural
### SODAGRI
### Avis d'appel d'offres

Appel à la concurrence relatif à la présélection des entreprises de génie-civil admises à participer à l'appel d'offres restreint qui sera lancé ultérieurement pour l'exécution des travaux de la première phase de l'aménagement *hydro-agricole du Bassin de l'Anambé.*

Ces travaux comprennent:
– La réalisation d'un barrage en terre et de ses ourages annexes
– La construction d'une station de pompage y compris canal d'amenée et conduite de refoulement
– L'aménagement d'un périmètre irrigué de 1000 ha

Le descriptif des travaux ainsi que les documents à joindre à la demande de présélection sont à demander à l'adresse suivante:

Sodagri, 23, avenue Roume, BP 222, Dakar (Sénégal)

Le dossier sera transmis moyennant la valeur de 10'000 fcfa.

Les candidatures devront parvenir au plus tard le lundi 21 juillet 1980 à 18 heures locales à la même adresse.

### Department of Administrative Services Australia

For sale by tender

**up to TEN HERCULES C130A AIRCRAFT**

Previously operated and maintained to the technical standards of the

**ROYAL AUSTRALIAN AIR FORCE**

Location:

**RAAF Base, Laverton, Victoria, Australia**

*Inspection:*

By prior arrangement through Department of Administration Services, Melbourne.

Closing date for tender:
2.00 pm. Tuesday, 22nd July

Copies of tender may be obtained from: Chief Purchasing Officer, Australian High Commissioner's Office, Australia House, The Strand, London, or Minister (Commercial), Australian Embassy, Paris, France.

## UK NEWS – POLITICS

**THE BOYLE REPORT ON TOP SALARIES**

# Pay increases averaging 25.8% recommended

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SALARY INCREASES ranging up to 30.6 per cent for senior public servants including nationalised industry chairmen and board members were recommended to the Government in the Boyle Report on Top Salaries which was published yesterday.

The proposed increases, which are being cut back by the Government, averaged 25.8 per cent. They would have added a total of £10.9m a year to the salary bill of the *nationalised* industries, civil service, judiciary and armed forces.

The recommendations would have given the highest paid public servant covered by the review — the chairman of the British National Oil Corporation — an increase of £10,000, putting him on a salary of £63,500 a year.

Chairmen of other major nationalised industries would have had increases ranging from £6,000 to £9,000, giving salaries of between £37,000 and £52,500. Similar increases were recommended for other areas of the public service.

### Reference

Stressing that it believes the figures it has proposed " are right " for immediate implementation, the report bluntly stated: " If the Government or Parliament feel otherwise, it is for them to provide us with different terms of reference for the future, or to take responsibility for new means of carrying out our present functions."

This statement reflected the frustrations of Lord Boyle, chairman of the review body, and of his fellow review members, at the way the Government has reduced or held up its recommendations several times since it was set up in 1971.

The Prime Minister's statement made in the Commons yesterday partly stemmed from this virtual ultimatum being issued by the review body, which added in its report that it had doubts about whether it should continue to deal with *nationalised industries.*

Referring to the decision of the Government to pay a " transfer fee " of up to nearly £2m to attract Mr. Ian MacGregor to be chairman of British Steel, the report says that fresh problems had been created by Ministers' new interest in " letting the market rate decide " what should be paid.

" In our view, if market forces are to become the overriding determinant, then the responsibility for settling the salaries of chairmen and board members of nationalised industries, and for keeping these salaries up to date, would rest more easily with Ministers than as part of our terms of reference."

### Determinant

The biggest increases of up to 30.6 per cent were proposed by the review body for board members in one or two nationalised industries, including the Post Office, who were recommended for a salary band ranging up to £44,500 a year, and for Major Generals for whom £23,500 was proposed.

The other biggest increases were recommended for civil service under secretaries (£23,500) and for masters and registrars in the judiciary (£22,500).

The lowest increase proposed was for 16.2 per cent. Among those at or near this figure were the Lord Chief Justice, proposed for £43,000, and the chairmen of area electricity boards and regional water authorities (between £26,000 and £33,500).

These variations in the size of increases stemmed from the review body's wish to widen some differentials. "We have given particular attention in this review to the need to maintain a reasonable relationship with salaries at lower levels, notably *in the nationalised industries,* the civil service and the armed forces," said the report.

It also stressed the need for greater flexibility in the way that nationalised industry board members' salaries were fixed within salary bands, and it recommended wider basic bands for deputy chairmen as well as board members.

### Compete

It also recommended that the Government should be free to offer 10 per cent above the strict figures in order to attract chairmen for the major industries, providing this facility was "only used sparingly."

The Government " should be in a position to offer a higher salary than that normally accruing to the post when there is a clear need to do so."

Alternatively a range of salaries could be introduced for needed to attract suitable candichairmen because the amount dates might change from one appointment to the next.

" We consider that the increases in salary for chairmen and deputy chairmen which we recommend, together with the additional flexibility that we propose should be built into the salary system, should enable nationalised industries to compete for, and retain, people of the quality and calibre needed, not only at board level but also *at senior management levels* immediately below."

### Debate

The report acknowledges that *the Government* has had problems finding chairmen for some industries and that there have also been difficulties recruiting board members. In addition, the restrictions on board pay has meant that some senior management have been paid less than board members.

Entering the debate about how top nationalised industry salaries should compare with those in the private sector, the review body says that in 1974 it felt that the nationalised *levels should be " sufficiently* attractive," but " should not equal the highest " paid elsewhere.

For the past couple of years, however, it has felt increased *mobility between industries at* home and abroad was changing the validity of this view and meant that a review body type of operation was becoming more difficult to justify.

It added in yesterday's report that it was illogical for Rolls Royce and BL not to be included in the industries it covered.

Two organisations have been included in the report for the first time. They are the Crown Agents and the Highlands and Islands Development Board.

The grading of some other industries has been changed. The National Enterprise Board, for example, *has* been demoted because of its reduced role from its old position with British Steel, while the British Transport Docks Group has gone up one tier, as has the National Water Council.

### Survey

The review body conducted a salary survey with other occupations. This showed that the average increases in salaries during 1979 for senior executives were between 17 and 20 per cent in all but the largest companies. In finance organisations they amounted to 17 to 20 per cent.

Other main board members gained 14 to 18 per cent (24 per cent in finance organisations), while chairmen and deputy chairmen received 15 to 17 per cent.

It was on the basis of these and other figures that the review body prepared its recommendations, whose objective was to update pay levels set in April last year.

*Review Body on Top Salaries. Report No. 14. Fourth Report on Top Salaries. SO. Price £3.15.*

**HIGHER CIVIL SERVICE RECOMMENDED SALARY LEVELS**

(Existing salaries in brackets)

| | £ | £ |
|---|---|---|
| Head of the Home Civil Service, Permanent Secretary to the Treasury, Secretary to the Cabinet | 37,000 | (31,000) |
| Permanent Secretary | 34,000 | (28,500) |
| Second Permanent Secretary | 31,000 | (26,000) |
| Deputy Secretary | 27,000 | (22,500) |
| Under Secretary | 23,500 | (18,000) |
| **SENIOR ARMED FORCES OFFICERS** | | |
| Field Marshal | 37,000 | (31,000) |
| General | 34,000 | (28,500) |
| Lieutenant General | 27,000 | (22,500) |
| Major General | 23,500 | (18,000) |
| **JUDICIARY** | | |
| *Lord Chief Justice* | 43,000 | (37,000) |
| Master of the Rolls, Lord of Appeal | 40,000 | (34,000) |
| Lord Chief Justice (Nthn. Ireland) | 38,500 | (32,500) |
| *Lord Justice of Appeal* | 36,500 | (31,000) |
| Vice Chancellor | 36,000 | (29,500) |
| High Court Judge | 35,000 | (28,500) |
| *President Industrial Tribunals* (England and Wales) | 26,000 | (21,750) |
| Recorder of Liverpool | 24,500 | (20,250) |
| Circuit Judge | 24,000 | (19,500) |
| Metropolitan Magistrate | 22,500 | (17,250) |

**NATIONALISED INDUSTRY RECOMMENDED SALARY LEVELS**

(Existing salaries in brackets)

| | *Chairman £ | Deputy Chairman or equivalent £ | Board Member £ |
|---|---|---|---|
| British National Oil Corporation | 63,500 (53,500) | 43,000-56,000 (36,250-45,000) | 36,500-47,500 (29,250-37,750) |
| British Steel Corporation, Post Office | 57,500 (48,500) | 40,500-53,000 (34,500-42,000) | 34,000-44,500 (28,500-34,500) |
| British Aerospace, British Airways Board, British Gas Corporation, British Rail, British Shipbuilders, Electricity Council, National Coal Board | 52,500 (44,000) | 34,500-45,000 (29,250-35,750) | 28,500-36,500 (23,250-28,750) |
| Central Electricity Generating Board, National Enterprise Board, United Kingdom Atomic Energy Authority | 46,000 (38,500) | 33,500-43,000 (27,500-33,500) | 27,500-35,500 (22,750-27,500) |
| British Airports Authority, British Transport Docks Board, Cable and Wireless Limited, Civil Aviation Authority, National Bus Company, National Freight Company, National Water Council, Scottish Development Agency | 37,000 (31,000) | 27,000-35,000 (22,750-27,750) | 22,500-29,000 (18,500-22,500) |
| Commonwealth Development Corporation, Crown Agents for Overseas Governments and Administrations, Highland and Island Development Board, Scottish Transport Group, South of Scotland Electricity Board, Welsh Development Agency | 33,000 (27,750) | 23,500-30,500 (20,000-24,500) | 19,500-25,000 (15,750-19,750) |
| North of Scotland Hydro-Electric Board | 32,000 (27,750) | 22,500-29,500 (20,000-24,500) | 18,500-24,000 (15,750-19,750) |
| *Regional Water Authorities* | *26,000-33,500* (22,250-27,750) | — | — |
| Area Electricity Boards | 26,000-33,500 (22,250-26,500) | 19,000-25,000 (16,250-19,750) | — |
| British Waterways Board | 23,500 (*18,000*) | 15,500-20,500 (13,000-15,750) | 11,500-15,000 (8,500-12,500) |

* All figures are for full-time posts.

# Clear breach of faith, claims Foot

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERMENT'S refusal to implement the full pay increase recommended for MPs by Lord Boyle was a *clear breach of* faith, Mr. Michael Foot, Deputy Leader of the Opposition, claimed in the Commons yesterday.

He also accused the Government of discriminating against top civil servants and nationalised industry chairmen by slashing the increases proposed for them by the Top Salaries Review Body.

But the Prime Minister told the House firmly that she was prepared to take full responsibility for the decision. There were some cheers of support from Conservative MPs when she said that those in positions of responsibility and leadership in Parliament and the public services should act in a way which others could follow.

"People in positions of leadership must give a lead. That is what we are here for," she insisted.

Public sector pay was the biggest single factor in public spending and accounted for £32bn apart from the nationalised industries.

"If we take a very large increase that could be observed *by others* and have an enormous multiplying effect throughout the economy," she said.

Mrs. Thatcher emphasised that the MPs themselves would have the final vote in deciding their own salaries. But she warned that if they rejected the Government's recommendation, they would have to answer for it to their own constituents.

There was a mixed reception from Conservative backbenchers to Mrs. Thatcher's announcement. One or two of them gave their full support, a few were hostile and many were cool towards it.

The Review Body recom*mended* that MPs salaries should go up to £12,300 backdated to last month with a further rise next year taking it to *£13,750.* These would be increases of 14.6 per cent.

But the Government wants the salaries to rise to only *£11,750* this year—an increase of £1,025 or 9.6 per cent—with a similar increase next year taking it to £13,150.

*For top public sector posts,* Boyle recommended a rise of 19 per cent while the Government is only proposing 12.5 per cent *which is one third below the* Boyle figure.

There was scornful laughter from the Labour benches when the *Prime Minister* recalled that Mr. Norman St. John Stevas, Leader of the House, had promised that the Government would accept the recommendations of the Review Body on MPs' pay.

"Another U turn," shouted Labour MPs as she explained that the Government view was that there were now clear and compelling reasons for not accepting the recommendations in full.

The overriding priority of the Government was the reduction of inflation. By sticking to its monetary targets it would bring the rate of inflation down and this *should start to fall* in the next few months.

But unless the growth of earnings was broadly consistent with monetary growth; then the drop in inflation would be accompanied by a larger rise in unemployment.

"*Pay increases in the private* sector are clearly beginning to respond to the combined pressure of tough market conditions and *financial constraints,*" she said. "But the private sector cannot be expected to take the whole of the strain."

She reminded MPs that they were in the unique position of determining their own remuneration.

"*Our calls to others to show* restraint and act responsibly will be judged by what we do ourselves."

Mr. David Steel, the Liberal Leader, wanted to know how the decision squared with the recent remarks of Mr. John Biffen, Chief Treasury Secretary, that increases in income made no contribution to inflation.

If intervention was necessary on pay, said Mr. Steel, then it should be done by working out *an overall pay policy* rather than an ad hoc one which affected only individual groups.

Mr. Edward du Cann (C. Taunton), the chairman of the 1922 Committee of Back Bench Conservatives, said that the Prime Minister's statement showed, yet again, that embarrassing matters such as MPs' pay should be settled at the beginning of each Parliament.

MPs and Ministers' pay was a matter for the House as a whole to decide. Nevertheless, the Government was bound to give a lead and many would wish to follow that lead, he said.

At the same time, MPs and Ministers were being asked to take a reduction at a time when their remuneration had been too low for too long.

*He questioned whether it was* right that those who accepted huge responsibility in the Civil Service, nationalised industries and the armed forces, should be singled out and their families penalised "merely in order to give an example to the rest of the nation."

Mrs. Thatcher had maintained that her Government had pro*posed increases totalling 70 per* cent for MPs since taking office in May last year.

But Mr. Terence Higgins (C. Worthing), who was a Treasury Minister in the Heath Government, said this figure was open to gross misinterpretation. If the country had followed the example of MPs over the past decade, there would be no *problem of inflation at all.*

"It is important that we should publicise as widely as possible the very great degree *of restraint which has been* shown by this House, and which is now proposed," said Mr. Higgins.

*Mr. Fergus Montgomery (C,* Altrincham and Sale) said the Government's decision would receive widespread support *from the Conservative back*benches. Other people could not be expected to show restraint unless MPs did like*wise.*

THE BOYLE REPORT ON MPs' PAY

# Report supports 14.6% salary rise for MPs

BY PHILIP RAWSTORNE

THE Boyle Committee's report on MPs' pay published yesterday recommends an increase of 14.6 per cent.

During the past year, the Committee says that both the retail price index and the relevant *level* of salaries had risen by about 20 per cent.

"We have not however seen *our task in terms of any form of* direct index link," says the report.

Nor, considering the lack of any *real* correspondence between the work of an MP and any other job, had it appeared that MPs' salaries should necessarily follow the level of salary increases generally, it says.

"However, we would urge that it would be equally mistaken to set the present increase too low and to lay up fresh problems *for the future.*"

The Committee says it was aware of arguments that Ministers and MPs should set an example in the battle against inflation by accepting increases in single figures in percentage *terms.*

"We have always recognised the political sensitivity of increases in MPs' and Ministers' salaries but it is our function to recommend appropriate salaries bearing in mind the nature and responsibility of the work."

The appropriate figures recommended for MPs' salaries *are £12,300 at June 1980 and* £13,750 at June 1981. These compare with the current salary of £10,725.

The Committee also recommends that the present secretarial and research assistants allowance should be increased from £6,750 to £8,000.

The appropriate salaries recommended for Ministers, in 1980, including Parliamentary salary, are (1981 figures in brackets):

Prime Minister £42,150 (£46,000), Lord Chancellor £38,700 (£43,000), Cabinet *Ministers* £32,775 (£36,500), Senior Ministers outside the Cabinet £27,575 (£31,000), Ministers of State £24,325 *(£27,500).*

The salary recommended for the Opposition Leader is £29,050 this year and £33,000 next June. The Committee recommends that marginal differences in salaries between Ministers in the House of Commons and in the House of Lords should be removed.

# Bank repeats inflation advice

BY MICHAEL LAFFERTY

A SUBSTANTIAL reduction in the level of pay settlements is *essential* if inflation is to be brought under control in the UK, Bank of England officials reaffirmed yesterday. They were giving evidence to the Treasury and Civil Service Committee of the House of Commons.

Mr. Charles Goodhart, chief adviser to the *Bank, told the* committee that the level of unemployment is likely to rise over the next year. But thereafter its level depended on pay settlements.

In a separate letter to the committee, Mr. Gordon Richardson, Governor of the Bank, said "the persistence of inflation impedes many business decisions," and in particular, complicates decisions as to investment and the finance of investment. Elimination of this factor should therefore itself do much to improve the efficiency of the economy.

Questioned on whether the UK's recent loss of competitiveness, due to higher exchange rates, was permanent Mr. Goodhart said: "We regret it. We regard the real exchange rate as too high."

*He did not dissent from a* suggestion that in order to regain lost competitiveness the UK labour costs might have to grow at 5 per cent less than those in competing countries.

Mr. Goodhart agreed that as a result of North Sea oil it could be said that the UK had suffered twice from the oil price rise.

At several points during their evidence Bank officials were questioned keenly on last year's substantial increased clearing bank profits, which a number of MPs suggested had not been earned by any effort of the banks themselves.

Mr. David Walker, assistant director of the Bank's economic and finance division, said there was another side to the question. Banks operated in a competitive market and depositors did not have to place their funds with them. They also suffered from a business cycle.

# Resignation, not resignations on pay curbs

BY PHILIP RAWSTORNE

FIVE PER CENT for Cabinet Ministers and less than 10 per cent for MPs—the demands of leadership become ever more onerous.

The top people's incomes policy that Mrs. Margaret Thatcher introduced in the Commons yesterday was accepted with a degree of resignation.

Not resignations. As Mr. Enoch Powell drily observed, such curbs are unlikely to restrain the demand for places either in the Government or the Commons.

Earlier, Sir Keith Joseph had repeated his advice to workers to accept pay cuts to keep their jobs.

Some Tory MPs eagerly demonstrated their readiness to accept the sacrifice as evidence of their, as yet, unnoticed potential for office.

Sir John Eden (C., Bournemouth W.) urged the Prime Minister to prune next year's pay increase even more drastically.

Mr. Anthony Kershaw (C., Stroud) said it would be "quite intolerable in national circumstances if we insist on our last pound of flesh."

Mr. Fergus Montgomery (C., Altrincham and Sale) was as loyal in restraint as in all things.

But the Prime Minister's call to duty and responsibility was greeted with rather less good grace elsewhere.

Mr. Edward du Cann (C., Taunton), chairman of the Tory backbench 1922 committee, sounded distinctly disgruntled at being picked out to set an example to others.

And Sir Nigel Fisher (C., Surbiton), complaining from "our usual place at the bottom of the queue," urged that the pill should at least be sugared with a better pension.

Mrs. Thatcher was adamant: "The Government thinks it right to expect people in positions of responsibility and leadership in Parliament and the public services to act in a way which we hope others in the country will follow," she said.

"Our calls to others . . . she continued—"Your calls," chorused Labour MPs — . . . to show restraint and act responsibly will be judged by what we do ourselves."

Mrs. Thatcher, whose own pay will be held to the general Cabinet level, acknowledged that she had promised to implement the Boyle recommendations in full.

"The Government will be accused of going back on commitments and breaking agreements, and of failing in *its obligations to* the public servants," she said to punctuations of Labour agreement.

"But it must have regard *to its wider obligation to pro*pose what we believe to be right," she asserted.

Mr. Michael Foot protested at length about such a "breach of faith." No-one would believe any Government promises again, he said hopefully.

Mrs. Thatcher, pointing out that the Government had still delivered pay increases of 70 per cent to MPs since it came to office, doubted it.

But Labour MPs still apparently felt devalued. The Prime Minister might consider herself worth only 15 per cent of the chief executive of the Playboy Club, said Mr. Michael English (Lab., Nottingham W.). But why should she rate the head of a nationalised industry below the head of a gambling club?

Mr. David Steel, Liberal leader, suggested that it might have been better to introduce a coherent overall incomes policy.

If the Prime Minister was concerned about differentials, he said, why not give more to those who opposed her disastrous economic policies and less to those who gave it support.

# Decision on Boyle had gravest implications, say union leaders

BY PHILIP BASSETT, LABOUR STAFF

UNION LEADERS yesterday claimed that the Government's decision not to pay in full the rises recommended by the Boyle Report was a clear example of how it intended to enforce what was effectively a pay policy for the public sector in the coming wages round.

They stressed that the unprecedented decision not to honour the findings of an independent pay *body had the* gravest implications for public sector pay bargaining next winter.

Civil service union leaders, whose members are directly affected by the proposed increases, saw the decision as "part of the Government's holy war against the public sector."

Mr. Bill Kendall, secretary-general of the Council of Civil Service Unions, said: "I would assert that this is a new incomes policy."

He described the Government's attitude as "outrageously dishonourable, totally unprincipled and corrupt." He warned that the unions might refuse to co-operate with the long-term reforms on pay and other matters the Government was considering introducing in the Service.

Mr. William McCall, general secretary of the Institution of Professional Civil Servants, said that while reports from independent pay bodies had been delayed in the past, they had never simply been completely rejected.

He said: "The Government will need to exercise great wisdom if it wants to recover from a decision which might well lead it into a collision course with the whole of the public sector."

The civil service unions strongly resented the fact that the Government was discriminating against public servants, having already honoured in full the findings of comparable and linked review bodies' reports on doctors' and dentists' and armed forces' pay.

Mr. John Ward, general secretary of the First Division Association — which represents the three grades of civil servant covered by the report—said that senior staff would soon be "voting with their feet" by leaving the Service to seek jobs in private industry where pay matched their deserves.

# Joseph firm on earnings cut

BY IVOR OWEN

IN THE teeth of Labour criticism, Sir Keith Joseph, the Industry Secretary, yesterday re-affirmed his view that workers could consider accepting a cut in earnings in order to save their jobs.

During Question Time exchanges in the Commons, he was challenged by Mr. William Hamilton to reconcile this approach with the statements he made during a recent visit to the U.S., referring to the low wage levels in Britain.

Sir Keith replied that wage levels and output were relatively low in Britain.

*Amid Opposition jeers he in*sisted: "It remains true that people can preserve their jobs or price themselves into jobs, if they offer to their employer lower unit costs, either through lower earnings or higher productivity or a combination of both."

Sir Keith told other Labour critics that Britain's present difficulties were largely a result of the onslaught by trade unions on efficiency, modernisation and profits.

*These tactics,* he said, had produced the chickens which were now coming home to roost in such abundant numbers.

Mr. Robert Adley, (C., Christchurch and Lymington), asked what further steps the Government intended to take to stimulate investment in industry.

Sir Keith answered: "The Government is pursuing the slow, difficult policies necessary to abate inflation, and reduce the level of interest rates and the degree of crowding out of private industry."

He added that he was also trying to persuade the trade unions, who urged more investment, that they could transform the prospects for investment and jobs, as inflation abated.

They could do this if they would throw their influence into offering employers higher productivity and a rise in the "catastrophically low" level of real profits on average in manufacturing industry by reducing restrictive labour practices and over-manning.

# Tory peers retract amendment on closed shop safeguards

BY IVOR OWEN

BACKBENCH TORY peers accepted Government assurances in the Lords last night, and did not press an amendment designed to write new safeguards into the Employment Bill to prevent abuses arising from the operation of the closed shop.

Lord Hailsham, the Lord Chancellor, explained that political convictions could form part of a "deeply held personal conviction" justifying a claim for unfair dismissal by a worker who lost his job through the operation of the closed shop.

With support from the cross benches, Tory peers argued *that a recent finding* by the European Commission on Human Rights—concerning the case of British Rail employees who lost their jobs through refusing to join a union on political grounds—indicated the need to write new safeguards into the Bill.

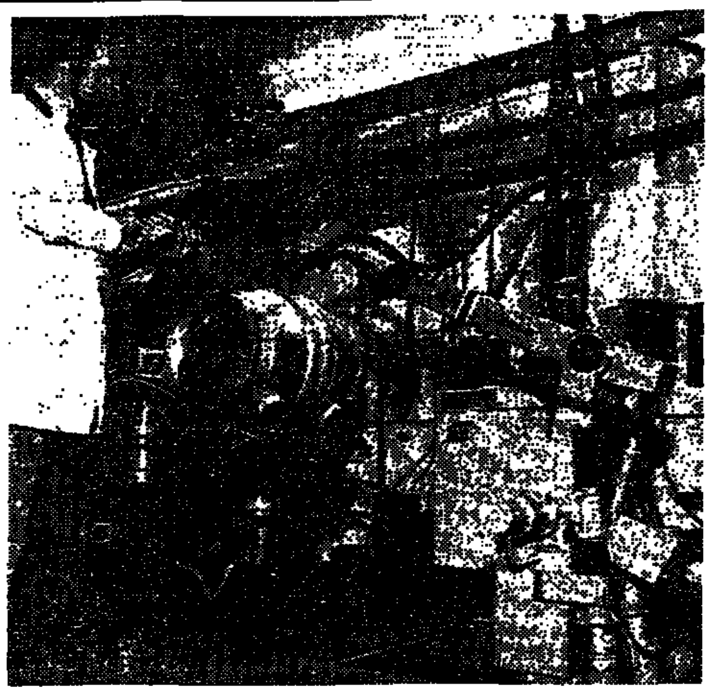
Disputing this view, Lord Hailsham maintained that the phrase "deeply held personal conviction" already in the Bill covered the case of a *worker* whose deeply held personal conviction led him to refuse to join a union because it was affiliated to the Labour Party, or some other *political* party to which he objected.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● WELDING

## Growing use of robot welders



Welding an aluminium barrel at Grundy's Ashford, Middlesex, works. The robot is "instructed" via the keyboard held by the equipment's manager, John Giddings.

AS IN the U.S., use of robots for the automatic arc welding of a variety of products is spreading rapidly in Europe. But because this development is novel in so many areas, companies are finding themselves in a pioneering situation willy-nilly, and where they are successful organisations with a history of keen competition behind them, appear to be well pleased to be leading the field in their particular area of activity.

Forecasters of the probable development of robot use in America speak of an increase of up to 40 per cent over the next 12 months, adding that the 1980s will be the "decade of the robot." The reasons include the shortages of trained welders and resistance of such scarce talent to doing boring, repetitive and arduous jobs, coupled with the need to keep down production costs at a time when sales can hang on the ability of manufacturers to pare their prices down to the bone.

Another consideration which is beginning to make a deep impression on potential users is the fact that robots, or flexible automation units, as they are otherwise known, can cost quite a lot less to establish on a production line, in comparision with fixed, dedicated equipment. At the same time, they are relatively easy to reprogram for other operations, which is certainly not the case with fixed units.

So far as can be ascertained, a British company holds the *unique distinction of being first* in the field with robot welding of aluminium. Grundy (Teddington), a 16-company group with a yearly turnover of £50m, is known for its activity in the brewing industry for which it produced the world's first prefabricated aluminium beer keg. But it is also involved in the manufacture of precision and electronic engineering equipment, as well as microprocessor-based applications in industry.

Some nine months ago, the group bought an ESAB/ASEA robot for installation at its main production centre in Ashford, Middx. Programming work and experiments with various methods of presenting the many types of keg in production to the robot have taken up the major part of this time and the company expects to be in commercial production on the robot in about eight weeks.

Apart from its work on converting from TIG welding in the shop to MIG on the robot, the Ashford development team has also broken new ground in applying the flexible automation concept to aluminium handling. Solved too is the question of flexibility in programming which devolves from the fact that the unit may have to deal with any one of some 20 possible designs during a production run.

According to Mr. A. G. Brown, general manager, the major attraction of the robot path was not the fact that it could do a satisfactory job in one-third the time, but that it helped solve a difficult problem resulting from the type of work flow through the plant, demanding only two to three welders at one time and perhaps as many as 15 a few days later. And such skilled men are not easily found.

But as a salutary thought for those who may believe they can just walk into robotics, Mr. Brown points out that he and his team have been looking at the problem for some two years and have had a very close look at all the equipment available on the market.

At Aylesbury, a few miles north, the Sperry New Holland plant making various types of agricultural equipment has a robot which has already been taught to turn out some 15 different sub-assemblies for hay balers and forage machines (silage cutters) and is in process of learning new programs.

The aim, according to Mr. J. H. Morley, plant director, is to improve the arc ignition time performance by two and a half times from the present 35 per cent, remembering that some 30 per cent of time now spent on manufacturing a given part is in the welding process.

This development is of very great importance to the Aylesbury centre which can be required by top management to take over and produce new equipment in time for the next agricultural equipment marketing campaign with its attendant succession of big shows.

Aylesbury is doing its own bit of pioneering work since in about two months it will begin to use the robot to carry out a series of closely spaced longitudinal welds on a stainless steel drum about two feet long by 10 inches diameter, forming part of the tramp iron detection equipment. This will stop the forage machine immediately if the magnetic field generated inside the drum is distorted by the presence of a metal object that could seriously damage the machinery.

The alternative was a linear welder but the company's experience with the robot unit has convinced it that the robot will take the stainless drum in its stride.

ESAB, Gillingham, Kent ME8 6PU. Medway 34455.

● SAFETY

## Protects both user and appliance

SOME 30 values of line current, trip current and pole configuration are available in a new range of earth leakage circuit breakers from B and R Relays.

Although the company has previously offered such units, with the new Mainsafe series, it expects to win a bigger share of the present somewhat limited market in readiness for new regulations likely to be laid down by the IEE and EEC in the next year or so. There is the prospect, for example, that weather-exposed electrical outlets will have to be equipped with an ELCB, the intention being to give safer use of powered DIY and gardening tools.

Although simple low resistance or shorts between line and neutral will blow the properly rated fuse of an outlet, moisture-induced leakage paths between either conductor and earth can put lethal voltages on casings, handles, etc., and the current involved may well not rupture the fuse. Cut or bruised trailing cables can produce similar results.

The idea of the leakage breaker is that, by putting a sensitive detector in the earth connection, a leakage current of relatively small value can be made to trip an electromagnetically operated switch, cutting off the supply before it can do harm.

Electrically, this is achieved by passing both line and neutral currents (normally identical) through two windings of a toroidal transformer, giving a resultant magnetic flux of zero. Earth leakage will add to one or other of these currents, unbalancing the circuit and providing a field that operates a relay to cut the mains.

B and R has set up a new division — Electrical Products —to handle ELCBs

● INSTRUMENTS

## Traces six tracks in colour

HOUSED IN a robust 144 mm square-fronted case to fit panel cut-outs to DIN 43831, the latest 100 mm chart recorder from Kent Industrial Measurements, Clearspan 300, has up to three input ranges, provides single or double alarm common to all points and uses LED indicators for scale, point and alarm identification.

The horizontal tracking print head makes use of a rotating pen turret which is a sealed unit replaced in seconds without a mess; it contains six fibre-tipped pens each with an ink reservoir. The printing interval is fixed at five or 10 seconds, or on instruments with a variable chart speed it can be linked to the chart speed.

Drive for the turret is from a simple system which uses a brushless stepper motor with feedback from a conductive plastic slidewire of infinite resolution and a life expectancy of 10 years. Accuracy of the instrument is 5 per cent of span.

A roll or fanfold chart cassette can be provided and they are interchangeable. A choice of six fixed chart speeds is available, or an electronic chart drive which allows dial selection of six different speeds.

Plug-in electronics can provide almost anything the user needs in terms of input—in fact any variable that can be converted into an electrical signal by a transducer and presented to an input.

The paper cassette is easily removed from the front, revealing a panel from which zero and span adjustments can be made, chart speed adjusted and other settings carried out.

More from the company at Howard Road, Eaton Socon, St. Neots, Huntingdon, Cambs. (0480 75821).

## Sounds checks the gap

AN ULTRASONIC transmitter/receiver combination from Survey and General Instrument, Fircroft Way, Edenbridge, Kent TN8 6HA (0732 864111) can measure distances between one and 40 metres to an accuracy of better than ±0.3 per cent.

Made by Electronic and Plastic GmbH, the instrument should prove attractive to those working in surveying, property, forestry, sports and public services and wherever a quick, accurate measurement needs to be taken.

Master and slave units are placed at the two points the separation of which needs to be checked. The master emits a signal at 25 kHz over a beam width of only 15 degrees thus avoiding, in general, surfaces of no interest. On receiving the signal the slave immediately emits ultrasound at 40 kHz which is picked up by the master; the time difference is used to produce a reading in cms on a four digit display. Use of separate frequencies prevents any confusion of the two signals by the master.

The instrument is temperature corrected and between five and 30 metres is accurate to ±0.2 per cent.

Called Ultraset, the instrument has the advantage that, unlike optical systems it does not need a clear line of sight and can be used also in foggy and smoky atmospheres, although there might be some degradation of accuracy under these circumstances.

Power is from a nickel cadmium battery which will give eight hours of continuous operation on one charge.

● QUALITY CONTROL

## Measuring roundness

EQUIPMENT FOR gauging diameter and checking roundness of coins, coin blanks, tokens and disc-shaped components is introduced by EVD Engineering, Cotswold Street, London SE27.

Coins or blanks are fed to the machine's inspection unit from a bowl feeder which discharges them in single file. Discharge rate is continuously variable up to a maximum of 250 coins a minute (slightly lower for coins more than 25 mm in diameter).

There are two gauging units —the first normally monitors for undersize coins, and the second rejects coins which are too large.

Each gauging unit is a parallel gap bounded on one side by a rotating roller and, on the other side, by a narrow ledge. As the coin moves down the unit, the undersize ones fall out into a reject chute, and the remainder pass to the second gauging unit where acceptable coins fall down another chute. (Coins which are too large will remain supported by the roller unit until they fall into a third chute.)

Roller has the effect of rotating the coins as they traverse the system and the design is such that each coin is rotated through at least 180 degrees as it passes over the chutes so that all its diameters of blanks are checked.

Setting of each gauging section is infinitely variable within the coin size range by means of a screw adjustment, and gauges can be provided to facilitate rapid adjustment to predetermined dimensions.

The company says that it is now working on another version of this machine which will inspect coin or coin blank thicknesses.

● RESEARCH

## Saves the fuel in finishing

SHIRLEY INSTITUTE, Manchester is carrying out a 2½-year research project on monitoring for energy conservation, which could lead to substantial cost savings in the finishing sector of the textile industry.

The EEC and the UK Government are both contributing financially to the project, the former about £30,000, the latter, through the Department of Industry, just over twice that sum. The rest of the total project cost of £117,000 is being met by companies, who, by participating in the programme, will have continuous access to the results of the study.

While companies are continually being admonished to put effort into improving boiler efficiency, steam distribution systems and waste heat recovery, very little is said about process energy consumption in those industries (textile finishing, food processing, parts of the paper industry) where product mix and machine workloads vary.

At present, very little is known of the actual energy consumption of individual machines in such works, and managements have been reluctant to install monitoring instruments because of a fear that the dara will be impossible to interpret in a meaningful way.

The Shirley Institute believes that its demonstration project will show that the installation and efficient use of the right metering equipment will be cost-effective and achieve substantial energy savings.

Queries to Dr. David M. James, Shirley Institute, Didsbury, Manchester M20 8RX. 061 445 8141.



● COMPUTERS

## Terminals will take more data

FOUR NEW data-entry capabilities have expanded the applications of Hewlett-Packard data capture terminals. These are a bar code reader, a magnetic stripe reader, an auxiliary interface, and an auxiliary port.

Bar code provides an inexpensive way of labelling items in a form that can be read by a scanner and entered directly into a computer system, thus eliminating manual data input. Bar code documents can be used in much the same way as punched cards have traditionally been used for error-free identification of a specific item moving through a manufacturing plant. A big advantage of bar codes, however, is that no fixed format media are required; a bar code label can be fixed directly to the item to be tracked, thus eliminating the risk of the identifying *document being separated from the* item.

The magnetic stripe reader accepts ANSI and ISO magnetic badges, similar to credit cards, with data recorded on track 2 as used by the American Bankers Association. This type of badge offers higher security than punched badges, since it cannot be duplicated without access to encoding equipment.

To interface HP factory data collection terminals to external peripherals such as page printers, weighing scales or specialised measuring equipment, HP-IB and RS232-C interfaces are now available. The factory data link allows HP systems users to connect such devices to their computers over distances of up to 4 km (2.5 miles). With the HP-IB interface, as many as 14 devices can be connected as peripherals to a single data capture terminal. Hewlett-Packard alone manufactures more than 100 HP-IB-compatible devices, and many more are available. The optional RS interface operates at speeds from 110 to 9600 Baud.

H-P, Kings Road, Reading, Berks. RG1 4ES. Reading 6922.

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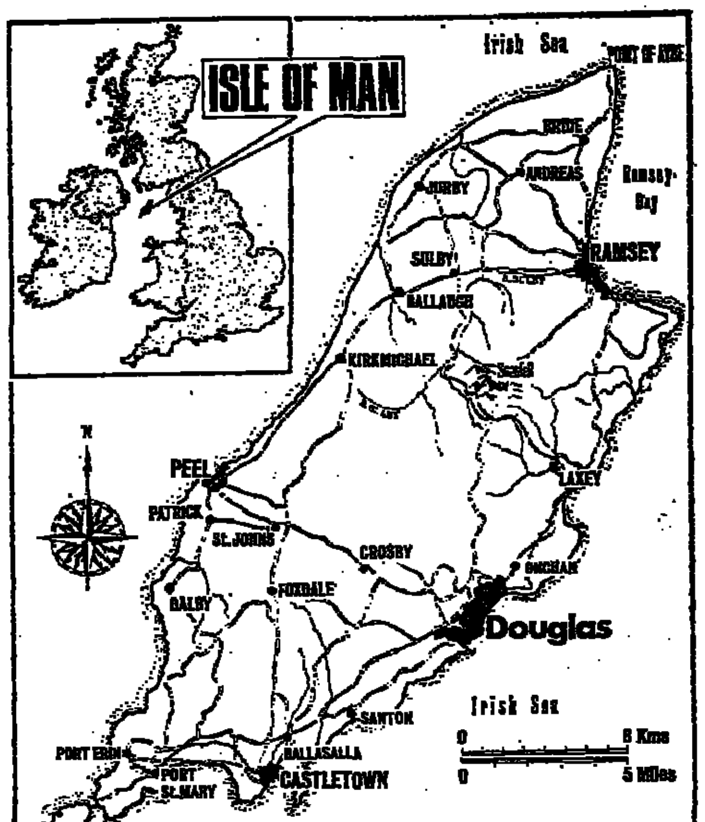
# FINANCIAL TIMES SURVEY

Friday July 4 1980

# Isle of Man

The increasing affluence of the Isle of Man was reflected this year when it reduced its tax rate to 20p in the pound, putting it on a par with the Channel Isles, its main competitors as offshore financial centres.




## More tax reliefs are likely

By Anthony Moreton
*Regional Affairs Editor*

HIGH ABOVE the front door of one of the main shops in Victoria Street, the principal shopping thoroughfare in Douglas, there is a life-size statue of Queen Victoria. The statue is of a young girl in coronation robes, circa 1838.

Across the road are two smart modern offices, one housing the Bank of Credit and Commerce International and the other the Northern Ireland Industrial Bank. Between them is a decrepit shop, its windows whitewashed, its paint peeling, its woodwork crumbling.

These vignettes epitomise in many ways life in the Isle of Man today. The Manxman is a conservative creature, unwilling, in many respects, to participate in the last years of this century. Yet he is living in a society which is becoming increasingly affluent, a society in which the banks and modernised shopfronts are increasingly giving a more accurate representation of Manx life.

The Island's affluence was reflected in May when it reduced its tax rate to 20p in the pound, putting it on a par with the Channel Isles, its main competitors as offshore financial centres.

The Isle of Man makes little pretence, unlike Jersey and Guernsey, of being a tax haven. It does not seek to attract the rich but if they come it willingly accommodates them.

And the incentives for the rich, as well as others, to move there are considerable. Apart from a standard rate of tax, there are no capital taxes, no surtax, no withholding tax. And for non-resident companies there is just a £200 fee to be paid each year.

For years the Isle of Man has played second fiddle to the Channel Islands as a tax haven, partly because of the cachet the latter have and partly because they were the first to see the advantages of operating as a low-tax area.

But despite having brought the general level of taxation down to that of competitors', the Manx authorities have still to persuade companies that the Isle of Man is superior to the Channel Islands. Further tax reliefs are therefore likely.

These will probably be in the indirect field. There is a feeling in Douglas that something should now be done to help the lower-paid since the position of the better-off has improved radically over the past decade. Some local rates were abolished in this May's budget and other improvements along these lines could be made.

Changes in value added tax are also likely. In April, the island secured a measure of independence from the British Customs and Excise Department. Previously, British officials had collected VAT on the island and there was considerable resentment that the affairs of island companies should have been passed to the Customs computer at Southend.

This was all the more aggravating since the island is a sovereign authority and so has absolute control over its own internal laws and regulations.

Matters came to a head last year when Sir Geoffrey Howe, Chancellor of the Exchequer, summarily increased the rate of VAT from 10 to 15 per cent. Under a UK-Manx agreement VAT rates on the Isle of Man are kept in line with those in the UK.

It was widely felt in Douglas that a rate appropriate to the needs of the British economy was not necessarily right for the Manx. So in April a new Customs agreement was negotiated and now the island controls both Customs and Excise Departments and has the right to vary its rate provided it gives advance notice to London.

### Tourist industry

That notice is likely to be given in the coming year. It is unlikely that the Isle of Man will follow the example of the Channel Islands and become an area where cigarettes and wines and spirits are much cheaper than in London—not, at first, anyway. But many people have urged that VAT should be abolished on services, as a means of helping the tourist industry.

Such a step would help stimulate the economy, but a more likely move is the provision of duty-free goods on board ships and aircraft flying between the UK and the Island. Such a step might be costly but it could also be a big revenue raiser—directly through sales, and indirectly through attracting more holidaymakers.

But benefits from such a move will only accrue if more is spent within the island, especially on hotels and other facilities for tourists. There is a great shortage of good hotel beds on the island. There is also an acute shortage of building workers, so that if developments are to be undertaken the authorities will have to look seriously at allowing more work permits.

The island's great need is for an up-market hotel, which would enable it to attract more high-level conferences. Unfortunately, there appears to be little likelihood of this in the foreseeable future. A number of prestige self-catering holiday flats, which should appeal to the higher-income holidaymaker, are being built at Port Erin and Port Grenaugh, an area that has been sadly neglected.

Tourism, along with industrial activity and agriculture, appears to have undergone something of a renaissance in the past year. But the main prop of the economy, the financial sector, has marked time.

The rate of new company formation has forged ahead, with a net 1,838 being formed last year, a rise of 105 on 1979. There is still a lot of money in the economy, a fact which the 42 overseas banks duly appreciate.

But there is still a need, as much as there was a year ago, for a big overseas bank to give solidity to the sector. Here the island lags badly behind both Jersey and Guernsey, which have captured all the big names.

The need is universally recognised. But the banking community has yet to translate its interest in the island into the occupation of premises in Douglas.

### Confident mood

One consortium bank is almost certain to appear on the scene fairly soon, but it will not be operating in the domestic market. And over the past few months, perhaps half a dozen other banks have paid a visit to the island. The authorities remain confident that they will get a big boost on the banking scene before long.

But, to many critics, the island appears to be taking too passive a role in trying to attract new banks. The politicians are accused of thinking small and not spending enough on seeking newcomers.

This is a pity because, slowly, the island is acquiring all the appurtenances of a banking society. This year Frazer May opened a money broking facility in Douglas. The group, an offshoot of the Frizzell group, has been given an assurance that it will have the field to itself for two years while it builds up business.

Developments such as this would indicate that the island has coped with the abolition of exchange control in the UK with some ease. There were fears at first that the new-broom policy adopted by Sir Geoffrey Howe might have important side-effects on the island.

Economically, this does not appear to be so. But there is one disturbing trend to which no one yet has an answer.

Talk to any house remover and he will tell you that for every four vans leaving the island full, only one returns with a cargo. The rest are coming back empty.

No one knows why residents are returning to the UK in larger numbers than are seeking to move to the island. No one knows if it is a temporary phenomenon or whether it is a sign of a more fundamental change. But it is a topic of concerned comment.

But it is the only cloud about at the moment. The island expects to capitalise on its new tax rates and to build a more diversified economy. All the same, a careful watch is being kept on Douglas harbour and all those furniture vans — just in case.

CONTENTS



Terry Kirk

*Above: one of the island's shopping areas — the Strand Street precinct at Douglas. It is unlikely that the island will follow the Channel Isles' example and become an area where cigarettes, wines and spirits are much cheaper than in London. But many people have urged that VAT should be abolished on services as a boost for the tourist industry.*

# Cautious measures to attract new industry

IN ITS APPROACH to attracting industry from outside, the Manx Government is rather like a shy girl who wants to be a bride—wanting a suitable union, but a bit anxious about the consequences.

The island is committed to attracting new industry — the industrial sector has already displaced tourism as second biggest contributor to the economy behind the financial sector—but not at any price.

Thus, a company interested in taking advantage of the island's 20 per cent tax rate will be considered only if it has high technology with high value, low bulk products, silent processes and is pollution-free.

There are additional problems. Unemployment is low, producing a shortage of labour, especially skilled, so a company may need to bring in some of its work force. But housing is in short supply, and concern about population growth has produced a work permit system. And although the Social Security Board takes advice from the island's Industrial Advisory Council in vetting applications, these permits are far from freely available.

It is not surprising, therefore, that the industrial sector has not exactly seen a dash for growth. Many of the inhabitants of this traditionally conservative island would prefer to see the situation remain that way. The environmental lobby is a strong one, and in most areas is strongly supported by the Government.

Nevertheless, the industrial sector is making progress from both the expansion of existing companies and new arrivals on the island. At least 200 new jobs are expected to be added this year to the existing 3,000 in manufacturing.

The sector contributed £19.2m to the economy in 1978-79, the last full year for which figures are available. That was 13.7 per cent of national income, against 26.5 per cent for the financial sector and 11.4 per cent for tourism. In value terms, it was a third up on the previous year, and the consensus is that a drive for new industrial investment launched in 1973 is at last beginning to pay off.

To help the process, the Manx Government has a range of incentives available to both incoming and existing industry.

There are 40 per cent grants for buildings, plant and machinery, and towards first-year start-up costs. Forty per cent of the cost of transferring a manufacturing operation is also available; there are training grants; loan facilities for up to half of working capital; possible rent reductions and other bonuses.

Although large industrial estates have for the most part been avoided in an island still very dependent on tourism, sites for industry on a modest scale are fairly freely available. In employment terms, a company with a workforce of 150 is big.

The incentives, however, are discretionary. The Manx Government has no desire to underpin projects which it thinks may not work or, as has so often been the case with the automatic regional aid in the UK, draw in satellite manufacturing operations which shut up shop when the going gets tough.

## Prime objectives

The prime objective is to improve the quality and diversity of industry to the point where it can be a major balancing factor in the economy, which, it is feared in some quarters, is becoming too heavily reliant on the mushrooming financial sector.

At the same time, the Government wants to upgrade the quality and pay of jobs and encourage the development of skills and careers within the island community. Memories of the seasonal unemployment of the past, arising from traditional pursuits of agriculture and tourism and which saw forced emigration to the mainland, still run deep.

Manx industry is already broadly based. Engineering is the largest employer, providing nearly 1,400 jobs, and the Industrial Advisory Council says it would be bigger but for the shortage of skilled labour. The electronics concerns which the island is particularly anxious to attract are also starting to appear.

Large chunks of the manufacturing sector are in a state of flux. Textiles were once a mainstay, but now suffer the malaise of closures and decline common to the rest of Europe. With the notable exception of fish-processing, a growth area, the manufacture or processing of food and drink is also slipping.

Far from copying what the Manx regard as the UK's mistakes and propping them up, such sectors are being left to survive as they can in the expectation that more modern industry will continue to compensate for the casualties.

New jobs created between 1975-79 totalled 813; job losses, 707. That may not be spectacular, but with the bulk of the island's new companies coming in during that period, industry officials believe that these companies' natural growth should exert an increasing effect on job creation in the next few years.

**John Griffiths**

# Secrecy assurance welcomed

NOVEMBER 14 last year was a highly important day in the history of legal relations between the UK and the Isle of Man.

On that day the island's senior judge ruled that the British Inland Revenue had no power to see the books of Manx companies.

Both businessmen and island officials were greatly relieved by the action of the then First Deemster, Mr. Robert Eason, since it established beyond legal doubt that the secrecy which the Isle of Man offers to depositors will be protected by its courts.

The story began three weeks earlier, on October 23, when a London Inland Revenue official landed in Douglas with a warrant issued in South Wales against a company operating there.

The official obtained a notice signed by a Douglas justice of the peace entitling him to inspect and take copies of documents, relating to an island company and a British company which were in the hands of the Savings and Investment Bank of Douglas.

On the same day Barclays in Douglas, a branch of the UK bank, was served with an order signed by another magistrate enabling the official to look at any entries which Barclays had relating to the Savings and Investment Bank. Barclays is the clearer for SIB on the island.

The warrant issued in Wales related to someone who was not anyway a customer of the SIB, and the bank was alarmed to be served with notice to open its books since it understood that the Banking Act of 1974 and the Bankers' Books Evidence Act of 1935 established complete confidentiality between itself and its clients.

Officials of the bank sought and obtained an injunction against the Inland Revenue.

When the case came to court on November 14 the Savings and Investment Bank argued that the Revenue was seeking to compel an island bank to submit to another jurisdiction—that of the UK—and that this was illegal. It was this submission that the First Deemster upheld.

The Deemster took a strong line with the Inland Revenue. He said it was the duty of the court to maintain the complete authorty of the Isle of Man as laid down by Tynwald, the island parliament.

Actions of the sort proposed, he said, were not to be started in England and brought over to the island. And he made it absolutely clear that he would not be party to any interference in the Manx right to determine its own tax affairs.

The importance of the Deemster's words lay in the fact that the Revenue withdrew their action by giving an undertaking that there would be no enforcement of the orders signed by the justices.

It was commonly understood at the time that this could have allowed the Revenue, or some other body, to have taken similar proceedings in the future.

What has pleased all sections of the island community is that the Deemster, by his words, has prevented similar actions in future.

**Anthony Moreton**

### COMPARISONS OF UK AND MANX TAX RATES

| Income | Single Person | | Married Couple | | Married couple with two children, one under 11; one 11 to 16 years | |
|---|---|---|---|---|---|---|
| | Manx Tax | UK Tax | Manx Tax | UK Tax | Manx Tax | UK Tax |
| £2,500 | 115 | 337.50 | Nil | 106.50 | Nil | Nil |
| £4,000 | 340 | 787.50 | 189 | 556.50 | 93 | 431.70 |
| £6,000 | 665 | 1,387.50 | 514 | 1,156.50 | 418 | 1,031.70 |
| £8,000 | 1,065 | 1,987.50 | 914 | 1,756.50 | 818 | 1,631.70 |
| £10,000 | 1,465 | 2,587.50 | 1,314 | 2,356.50 | 1,218 | 2,231.70 |

*This table does not relate to the elderly; the tax threshold for aged persons for 1980-81 is higher than that in the UK. In the examples of UK married couples with one or more children, the amount of child benefit (not taxable in the UK) has been deducted from the amounts of total income-tax shown above.*

PROFILE

Edward Plummer
ROYAL TRUST BANK

# Overseas bank's expanding portfolio of services

WHEN EDWARD PLUMMER was told in 1978 that his next appointment was as manager of the Royal Trust Bank's Isle of Man branch, his immediate reaction was: "Where?".

The response was not all that unusual. For Mr. Plummer at the time was in charge of the Royal Trust's business development operations in Calgary, in the foothills of the Canadian Rockies.

"To be honest, I thought the Royal Trustco people were pulling my leg. I was on holiday in Vancouver at the time and the phone call, as well as the appointment, were unexpected.

"I did know of the Isle of Man because I had spent some holidays in Britain and on the continent but I have to admit that I was not too sure where the island was in relation to England."

Mr. Plummer, now 48, a cheerful man much given to smiling as he recounts previous experiences, had never worked outside Canada before. He had begun his banking life with the Bank of Montreal and joined Royal Trust 14 years ago.

Since his arrival in Douglas, he has been pleasantly surprised at the way he and his family have taken to insular life after the open spaces of Canada.

"We found the move here easier than going from, say, Toronto to Vancouver. You have to get off the island every now and then. I think everyone who lives on an island experiences this need. But the quality of life here is such that it doesn't really matter too much if you are holed up here for long."

## Wide facilities

Considering the nature of his work in Calgary, Mr. Plummer's move to Douglas was not all that unusual. Royal Trust opened in the Manx capital in February 1976—the first overseas bank to be established on the island.

Royal Trustco, is in fact a financial institution rather than a bank, the fifth largest organisation of its kind in North America, having a gross income last year of $C894m and a net operating income of $C27.23m.

As a financial institution it operates in such fields as mortgages, estate agency, trust functions, money services and what to British eyes is banking proper.

It is this portfolio of services that it has brought to the Isle of Man, where it not only offers deposit-taking facilities, investment management, executor and trust services and loans, but also offers mortgages.

Royal Trust Bank was not the first bank to offer mortgages on the island, that honour goes to Williams and Glyn's. But it developed the facility and has been followed, with varying degrees of success, by other banks.

Until a few years ago, all mortgage lending was in the hands of the island Government, which exercised strict controls over the amount that could be borrowed in total and on each individual loan. House purchase was not easy. Royal Trust's lead in this field has considerably eased the burden for people seeking to buy.

The expansion by Royal Trust into the Isle of Man is part of its overall development of facilities outside Canada.

The bank has been in London since 1929, and recently opened other European branches in Jersey, Dublin and Liechtenstein. But the big growth has been into Florida, partly because banking in that state suited its purposes and partly because it is an area where a large number of Canadians take their holidays.

Since going into Florida in the early 1970s the group has built its operation up to the point where it has 18 branches and last year it increased its

*Mr. Edward Plummer—he moved from Calgary, in the foothills of the Canadian Rockies to Douglas in the Isle of Man.*

state's assets by 16 per cent to C$345m.

As befits an organisation which is continually looking for new outlets—especially in an island where there is considerable underbanking—Royal Trust has considered the captive insurance field and is now working on a school-fees insurance scheme for expatriates.

"Most of our work is undertaken for island people," Mr. Plummer explains, "but our expatriate business is growing all the time . . ."

Royal Trust is now well established in Douglas and if Edward Plummer decides to return to his native Canada when his three-year appointment ends he will hand over a well-oiled machine to his successor. But he may decide to stay. The Isle of Man tends to affect people that way. They grow to like its quiet charms.

**A.M.**

# ISLE OF MAN III

# Manx fleet fears EEC fisheries policy

IT IS not just the unpredictable weather of the North Irish Sea upon which the 80-strong Manx fishing fleet is keeping a wary eye. The biggest threats to the fleet are over the horizon to the south—in the corridors of the EEC headquarters in Brussels and the European Court in Luxembourg.

Any day now, the European Court is expected to give its ruling on the legality of the fisheries conservation measures imposed by the previous Brtish Government. These measures were introduced in a bid to protect Britain's fish stocks while a full EEC fisheries policy was worked out.

Some measures were accepted, and taken into Community law. But those aimed at protecting the fisheries around the Isle of Man, among other areas, were not. The EEC's senior legal official, the Advocate-General, has already told the Court some measures contravene the Treaty of Rome. The Court usually follows his advice.

If Britain does have to lift the conservation measures, and if the Isle of Man fails in its attempts to win a 12-mile exclusive limit in any settlement negotiated by Westminster, as part of a Common Market fisheries policy, then the consequences "don't bear thinking about," according to one Manx fisheries official.

The Isle of Man's jurisdiction at the moment extends to only three miles. The waters between three and 12 miles are within the jurisdiction of the UK, but in consultation with the Manx Government. To date, only boats from the Isle of Man, the UK and some vessels from France, Belgium and Ireland have access to these waters—arrangements with the last three countries were made before Britain joined the EEC.

The prospect of untramelled EEC access to the waters now fills the Manxmen with gloom. While not exactly admiring of other EEC states' track records on fisheries conservation, they are worried, in particular, about the accession to the EEC of Spain, whose record they admire even less.

Manx fishermen have gone along with the increasingly tight restrictions on herring catches (which at the turn of the century had been the Manx fishermen's mainstay), accepting them as necessary as the waters became more heavily fished because of the closure of more distant water grounds. The result has been a drop in the landings of herring—the raw material of the legendary Manx kipper—from 111,135 units (a unit is 100 kgs), in 1976, to 77,301, last year.

Herring is still the single most important catch, in terms of value, at £2.59m last year, despite a recent collapse in the herring price caused by the import of cheap Canadian herring into the island's main European markets.

To compensate for its declining volume, the Manx fishermen have increasingly moved towards white fish, such as plaice and cod, landings of which more than doubled last year, with a value of £400,000.

But last year, for the first time in a decade, the value of the herring catch was matched by that of shellfish.

The biggest growth area has been prawns; the increase has risen from a mere 14,000 lbs, worth £7,907 to processors in 1973, to 820,000 lbs, worth nearly £1.2m last year.

Shellfish, particularly escallops and the closely-related "queenies" (which are such a distinctive item of Manx seafood fare) are, in many cases, located tantalisingly just beyond the three-mile limit. Manx fishermen fear that without Manx control of these waters, shellfish will also decline under the increasing amount of fishing by outsiders, particularly from Britain's west coast areas.

There is already concern about lobster catches. Landings are about a third of the mid-70s level.

Queenies are down by about a half, although part of the reason is that the island has imposed its own shellfish conservation measures — a ban on landings below a minimum size and a five-month closed season during the spawning period of scallops. The main effect of such measures, however, is to restrict Manx fishermen, not others.

The Manx Government's concern about the industry is understandable, for fishing is still a valuable contributor to the economy and employment situation, despite the island's move into prominence as a tax haven.

Some 250 fishermen are employed in the fleet which has seen a healthy revival since an immediate post-war contraction when it had dwindled to only 20 boats.

Fish-processing has seen similar gains, now also employing 250 people — a rise of nearly a half since 1975. These developments are gains which the Isle of Man will not give up lightly.

**John Griffiths**

# Report recommends powers to restrict immigration

ALTHOUGH THERE is no immediate need to restrict immigration to the Isle of Man, standing powers should exist to do so. That was the major conclusion of Tynwald's Select Committee on Population Growth and Immigration which has, since presenting its report earlier this year, been turned into a standing committee to constantly monitor the situation.

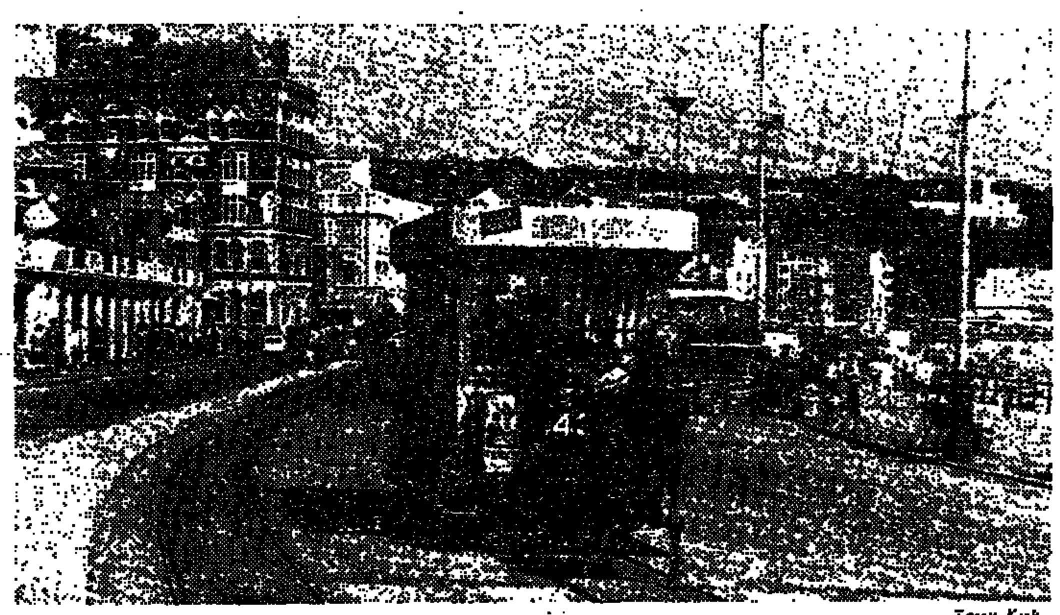
Population growth and immigration have been contentious subjects in the island for many years. Native Manxmen complained about the "comeovers" when the Vikings arrived, although their method of dealing with critics was more direct than setting up a committee.

Perhaps a realistic view is put forward in the committee's report: "It is too easy to complain of immigration when experiencing difficulty in finding a place to park a car or when queueing in a shop. However, we firmly believe that such minor irritations are a small price to pay in order to avoid a return to the heartaches of the 1950s when families were split up as husbands, sons and fathers were sent to the sugar-beet fields of England."

Immigration, as far as the Isle of Man is concerned, has two aspects. There are the immigrants who have gone to the island because it is a tax-haven, and those who have gone to establish industries. Perhaps some of the former are resented.

There is now considerable industrialisation, with both manufacturing and the finance sectors making substantial contributions. They are providing additional employment which has helped to alleviate the seasonal unemployment crisis—and the necessary emigration—of traditional activities such as farming, fishing and tourism.

It is not surprising, therefore, that the Manx Government has introduced a work permit system which ensures that qualified Manx people have first priority when work is available.



Terry Kirk

*A horse-drawn tram on the promenade at Douglas*

The aim is to recruit, as far as possible, only key workers in a factory or on a construction scheme, from outside the island.

Mr. Noel Cringle, chairman of the Manx Social Services Board, said: "Work permits will not be freely issued when seasonal employment ends in September. For the first time in three years our unemployment figures are rising, and while the situation is very much better than in the UK, we obviously must take measures to protect our resident work force."

Mr. Cringle makes clear that this tightening up is not an immigration control: anyone can still go to the Isle of Man to live, but will find it more difficult to obtain a work permit.

The island's population committee proposed that a Register of Residents should be set up, and it fell to Mr. Cringle to pilot the measure through the House of Keys. The outcry which followed the Bill's publication left him bewildered.

"This Bill is the same as the one passed by the House in 1975," he said. "That Bill's original proposals, which included a requirement for people wishing to take up residence to deposit money with the Manx Government, were modified by a House committee. In its final form, it was passed through all its stages, and sent to the Legislative Council. There it fell, but now I am convinced this Bill will go through."

Some people want population growth stopped. Mec Vannin, the radical nationalist party which has so far failed to have a representative elected to the House of Keys, claims the island is already over-populated, and says that no more work permits should be issued.

A target population of 75,000 has been adopted by Tynwald. Originally, this was expected to be reached within a very few years, but, it is now clear that population growth is slowing. The population committee now believes this figure will not be reached for about 20 years. The islands' population is now 60,000.

Outside Tynwald, acceptance of the target met some opposition. Conservationists claim that the increased number of houses needed would mean further despoliation of the countryside. An island development plan to control building, which will be finalised only after consultation with these organisations, may go some way towards allaying such fears.

It is clear that the Registration of Residents will be followed by one which will allow the Manx Government to control immigration. At the same time, there will be a register set up on which Manx "exiles" working outside the island and who wish to return home to work will be listed. They, like qualified Manx residents, will be given priority in employment opportunities.

**William Clucas**

# Commercial radio station again fights for survival

MANX RADIO, which in 1964 became the first legal commercial radio station in the British Isles, is again fighting for survival.

The threat now is not finance, which it has faced before, but its right to transmit clear signals to the whole of its service area on 219 metres, the medium wavelength it has used for years.

The exclusive right to this frequency is disputed by the Manx and British governments. The argument has flared again since Westminster's announcement that the BBC would be allowed to open a local radio station at Lincoln on the same frequency.

For Mr. Miles Walker, the newly appointed chairman of the Manx Broadcasting Commission, the Government body with overall responsibility for Manx Radio, it was a challenging introduction to office.

"We have already accepted that proposed local commercial radio stations at Crawley (Sussex) and Swindon (Wiltshire) should use the 219 wavelength, although the last agreement assigned it exclusively to Manx Radio," he said. "These stations will not cause any problems for listeners in our area, but the Lincoln station is quite another matter.

"Our expert advice is that there could be interference on the east coast of the island, and that is where we have the greatest concentration of population. We hope that our long negotiations with the Home Office officials concerned will bring about an agreeable settlement."

## Not so easy

Mr. Walker said the aim must be to ensure that the signal for the Manx national station could be clearly received in all parts of the island, something which is not easy to accomplish, as there was important public service elements in its transmissions.

The fact that strong Manx Radio signals were received outside the island was an unsolicited spin-off from the use of sufficient power to cover the island. Suggestions that the station should be developed as a northern Radio Luxembourg were not practical, Mr. Walker said.

Manx Radio has been a political football since control of the station passed to the Government. A few months ago, after local newspapers had waged a campaign against its high cost to taxpayers, Tynwald was asked to sell the station to the highest bidder. The resolution failed, but in its wake came changes in the running of the station.

While the transmitters are still the responsibility of the Manx Broadcasting Commission, which is directly answerable to Tynwald, the day-to-day running of the station is now vested in a wholly Government-owned company, Radio Manx Limited. This company is charged with being financially viable, although it will receive at least £150,000 in grants this year for its provision of public service facilities.

The new company's general manager, Mr. Ian Cannell, took up duty on July 1.

Mr. Stewart Watterson, Radio Manx secretary, acknowledges the fact that some mainland areas have better reception of the station than, for instance, parts of Douglas, where there are plans to improve VHF coverage.

"Reports reveal excellent reception in parts of North Wales, the Fylde coast of Lancashire, the Cumbrian coast, South-West Scotland, Northern Ireland and the Irish Republic," he said. "We often receive twice as many calls from North Wales than from the Isle of Man for our evening record request programme."

He agrees that this response from outside the island should be further surveyed and tapped for additional advertising revenue, which is limited within the island. Past criticism has shown that the station can no longer rely on unlimited financial support from the Manx Government.

Mr. Watterson says the station must develop a distinctive voice without becoming a "Celtic fringe" station. It tries to use local talent as much as possible, but limited studio space means that halls have to be hired, another drain on funds.

**William Clucas**

# JOBS COLUMN, APPOINTMENTS

# Managerial inhumanity — the 1980 version

BY MICHAEL DIXON

"I KEEP trying to persuade my students that business managers are real human beings just like themselves, but somebody always goes and lets me down," *complained U.S. Professor* Harold J. Leavitt.

"The Santa Barbara oil slick, for instance, wasn't really so bad in itself But then up jumps some oil-company president on television and says he can't understand why people are making all this fuss about a few dead seabirds!"

Clearly, managers have learned a thing or two since Professor Leavitt made that protest during a conference on managerial careers which was held at Churchill College, Cambridge, 11 years ago. Company chiefs would surely no longer make such crass public statements about the accidental ill-effects of their business on wild life or human community. Possibly that is part of the reason why today's students seem unprecedently keen to go to work in industry.

But since it must be obvious to all students that virtually no business company today can guarantee them a lifelong career, I cannot help wondering how long they will take to spot and react against a new expression of managerial inhumanity. They need not look far for it. More and more employers seem to be including the expression, in one form or another, among the conditions governing job-openings for older staff.

It is usually couched in terms such as: "Applicants must have a progressive, unbroken career record with recognised leaders in the field"—whose full import is likely to be less than crystal *clear to students. The main* exceptions are probably those studying French literature of the 18th century when one might perhaps be attended by a respected manifestation of faithfulness, but never followed by a dog.

Now, however, a few recruiters have stopped pussy-footing and are stating the same message in terms plain to everyone. For example: "No redundant people or self-employed consultants need apply."

These recruiters at least have the courage of their conviction, which is more than can be said for the mealy mouthed. But a nonsense stays a nonsense, whether it is stated plainly or not. And nothing could be plainer than the impossibility of inferring anything sensible from the fact that someone is not conventionally employed, without further inquiry into the reasons for it.

It is hard to credit that people with the sense to run a business operation could fail to appreciate that adverse circumstances or a mistake on their own part could necessitate the dismissal of first-rate subordinate staff. It is equally hard to believe that the same people could be unaware that many such staff have lately been and are still being thrown out of jobs in that way. A rational person, lucky enough to remain in a position to recruit, would surely look on present events as an opportunity to *engage people with skills and* experience who in a warmer economic climate, would not have been available.

## Crass

So there must be a certain doubt about the intelligence of the employers who instead react by refusing even to consider people for jobs simply because they do not currently have one. And when the ban is extended to "self-employed consultants" as well, one can only marvel that anyone capable of managing a business concern could possibly be so crass.

When managers or specialists are made redundant—usually through no fault of their own—and cannot obtain a regular job somewhere else—usually likewise—what are they supposed to do, for heaven's sake?

Probably the most enterprising thing they can do with the skills and experience they have developed over years, is to try to obtain a bit of paid work as an individual consultant. From many of the people who contact this column, I gather that to succeed in obtaining a consultancy assignment even in a small way, seems like an encouraging step forward from a state of stupefying inactivity punctuated by vainly applying for full-time positions.

At the same time, of course, the self-employed consultants are at least trying to put their *working abilities to some use,* instead of languishing on the dole. Nor is this the only reason why their efforts should commend themselves to private-enterprise employers. It seems probable that whether or not more people can be made willing to go out and *do* productive things on their own account as distinct from just joining some ready-made organisation, will help to decide whether the spread of microprocessor technology leads to a freer life or to a more State-controlled existence.

Any business manager who simply dismisses self-employed consultancy as a mere euphemism for unemployment, is therefore being dangerously neglectful of the future of private enterprise.

Moreover, such consultants can often be very useful to a business, as letters to this column regularly testify, although not always unequivocally. Take for example the letter which arrived the other day from Peter Griffin, who was last in touch when he was "shaken out" of his long-held managerial job in 1975.

Thereafter, he says, he did succeed in obtaining a replacement job, which unfortunately lasted only 18 months. Unable to find another, he set up as a free-lance consultant and agent —"I expect in line with normal experience." But then he was given the opportunity of launching the United Kingdom operations of the Spanish company Xey, which manufactures "up-market" kitchens.

"It is an assignment which has really tested my marketing skills, starting as it did when I stepped off the aircraft which brought me back from Bilbao, with nothing more than a brochure written in Spanish, and a lot of hope. We now have a flourishing import operation turning over £500,000."

As a result, Mr. Griffin goes on, he is looking for someone to help to extend the business "north of Watford" with the aim of doubling the turnover. What he wants is not so much the ability to manage other people, but the marketing skills and the self-reliance to set about developing a few key customers, "picking up £10,000 a year in the process without too much aggro."

The rest of his letter, however, suddenly makes me appreciate how Professor Leavitt felt when he complained at Cambridge that somebody always went and let him down.

Does Mr. Griffin offer the opening as an opportunity for someone else to repeat his come-back? Does he my foot!

He specifies the job as requiring a person "currently selling in the domestic appliance or kitchen business and who feels frustrated or inhibited by a rigid company policy . . ." and aged "probably between 30 and 40."

I doubt that this specification can be the product of calm and careful thought. It seems more likely that Mr. Griffin has somehow deluded himself into imagining that a person either lacking a conventional job or older or both, would not have the necessary "get-up-and-go" or be willing to work at least initially for a return of about £10,000 a year.

All I can suggest therefore is that any readers who are so able and willing but who would be excluded by the specification, should write to Peter Griffin at 8 High Street, Worthing, BN11 1NU, and point out to him the error of his conclusions.

If they wished, they might quote in support another recent letter to this column—from the celebrated "turnaround manager" Carl Duerr. When he was rebuilding the small Nottingham company Bonser Engineering from a turnover of £2m to one five or six times greater, he says, he made either temporary or permanent use of more than 15 self-employed managerial types whom he contacted through the Intex Executives agency.

Mr. Duerr adds that these people—"frequently but not exclusively 'pastured' executives of 55 and upward"—had an "unbelievably" high rate of success in matching themselves to the job that needed doing.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Plugging a trading gap

EVEN for the best informed of managers, it is difficult to keep up with the rapidly changing factors which influence international trade.

Only recently there has been the lifting of UK exchange controls to consider as well as numerous changes in ECGD practices; in addition there is the current high level of interest rates to contend with and the increased volatility of foreign exchange markets.

Few people would claim that the job is an easy one but Hambros, the merchant bank, thinks that many British companies, including some larger publicly-quoted enterprises, are woefully deficient in the modern financial skills needed to conduct international trade.

Take the ordinary letter of credit for example. Hambros believes few companies would consider using them to reduce working capital requirements. Similarly it would be unusual for many exporters to use a so-called multi-currency overdraft to cover the exchange risk on sales invoiced in foreign currency.

Such ignorance, according to Hambros, is widespread. "Part of the reason is lack of knowledge, but there is also an element of tradition involved, where it is too much of an effort for businesses to change established procedures," says John Blumson, manager of the bank's New Business Department and editor of its updated booklet on International Trade*.

### Ideas

According to Blumson, merchant banks offer many services which are not generally available through the clearing banks —and managers are not taking advantage of them. He claims that the booklet, first produced three years ago and now used as a manual in management training courses by companies like ICI, has generated numerous ideas for managers to implement more profitable ways of handling international transactions.

There is the multi-currency acceptance credit, for example. Blumson points out that a UK company with exports in the major currencies, or with foreign subsidiaries, can achieve considerable flexibility in its financing policy by taking advantage of a choice of currencies.

In international trade the financing possibilities include giving either the importer or exporter a facility. If each is fully briefed on his trading partner's local banking and currency conditions, they can often negotiate satisfactory terms of credit, Blumson says.

When money is scarce in the UK but loans are freely and cheaply available in, for example, the U.S., it obviously pays to arrange finance there. In this event, either an importer asks his U.S. supplier for extended credit or an exporter asks for immediate payment, in each case passing the financial burden to the U.S. trading partner. The two sides then split the difference between the cost to the Amrican and benefit to the UK company, so that each side gains.

If the acceptance credit is denominated in sterling, it is often possible to take advantage of the forward premium that some foreign currencies have against sterling to reduce the effective interest rates, he adds.

Such a facility was recently used by Dalgety, the international trading group, to provide about £3m of extra working capital for a foreign subsidiary that was experiencing a seasonal cash-flow problem. Foreign currency was raised on its behalf in London through Hambros and on-lent to the overseas subsidiary.

Blumson claims Dalgety would not normally have employed this method of supplementing its short-term borrowing requirement.

He also claims that companies such as Pirelli, the tyre manufacturer; timber merchants Montague L. Meyer, Glass Bulbs, which is jointly owned by Thorn and GEC, and Mintex, the brake and clutch lining subsidiary of the BBA Group, among others, have similarly used unusual (for them) techniques of financial management.

Each has recently completed arrangements for a multi-currency overdraft of between £0.5m and £3m.

Explaining the foreign currency overdraft the Hambros booklet says that it is often difficult to forecast when foreign customers will pay and when the funds will arrive.

In these circumstances, it is complicated and expensive to sell this income forward in the foreign exchange market.

To solve the problem, the exporter borrows a sufficient quantity of, say, U.S. dollars to match his receivables in U.S. dollars. The dollars borrowed are immediately sold for sterling and the sterling used to reduce the company's sterling debt. Total borrowing is now exactly the same as before, but the currency make-up differs.

As the dollars are received from the customer, they are used to reduce the overdraft so that the dollar receivables always matches the dollar overdraft liability, irrespective of the amounts or dates of payments. The exchange risk is thus zero, says the booklet.

It is pointed out that if the exporter knows the cost of this protection when taking the order, he may be able to build it into the price. If it is not possible for competitive reasons, at least he will know his sterling profit. In practice such facilities operate on a rolling basis.

Explaining the use of documentary credits, the booklet says that there are many factors which have to be considered when negotiating an export contract. The majority of trade is conducted on open account because of mutual confidence but where this confidence is less well established, "it is prudent to use some more formal method of securing payment."

The booklet also explains various ways of arranging for the collection of cash, such as through bills of exchange; the financing of international trade, such as factoring; aspects of insurance and the methods of exporting capital goods.

* *International Trade — The Importance of Financial Management*, published by Hambros Bank, 41 Bishopsgate, London EC2P 2AA. £3.

ARNOLD KRANSDORFF

## Revving up for the green light

**As home demand slumps, Lucas, typical of many car component manufacturers, is having to look over the horizon for new business. Last week we examined the company's Korean venture; today Kenneth Gooding looks at its U.S. ambitions**

IN HIS office 15 miles from downtown Detroit, "Bunty" Wootten waits and plans for the diesel-engine "explosion" to hit the North American car business.

Wootten is president of Lucas Industries North America (LINA), a subsidiary of the British motor components supplier. Although relatively modest, LINA's £1m establishment at Troy, Michigan, provides highly visible evidence that the UK group is determined to do much more business in future with the U.S. motor manufacturers. "It is putting your money where your mouth is. Instead of sitting in a rented office, it says you are here and intend to stay," says Wootten.

Lucas has so far spent an additional £5m on its factory at Greenville, South Carolina. Output to date has not been very great: the plant simply assembles diesel engine pumps from imported components. But when—or perhaps "if"—the demand for diesel engines for cars in North America really starts growing, the factory could quickly be extended and begin manufacturing pumps and other products.

### Strategy

Through its Lucas CAV subsidiary, Lucas is the world's major supplier of diesel injection equipment. It means to maintain that position. A key part of this strategy is the existence of an engineering facility at the Greenville site. Designers and engineers from the U.S. companies prefer to do development work "in their own backyard." And, as Wootten suggests, "if you want any size of business you must be prepared to give an immediate technical response."

From Lucas' point of view the engineering facility also provides a useful "eyes and ears" for observing U.S. industry—what the Government has up its sleeve in new regulations, what innovations other companies have produced, and so on

Greenville also illustrates to local industry that Lucas is ready to react fast when the "go" button is pushed. The U.S. car companies are in a tearing hurry at the moment to change completely all the cars they produce. They are involved in a forced spending spree of $80bn to 1985—twice the cost of putting an American on the moon — to meet increasingly stringent fuel economy, safety and pollution control regulations.

The North Americans will not, and could not, afford to wait for any potential supplier who failed to keep up.

There are very good reasons why large contracts from Detroit will go to "local" manufacturers, Wootten points out. "You can't provide a large percentage of anybody's requirements from offshore. If you are talking about very high daily volumes and you introduce a three-week pipeline—the least you need—you inevitably lose flexibility, somebody has to carry the financing and you lose the ability to respond immediately.

"The only way you can do it is by building stocks, and that increases the risks if there is any change required on the product or if there is some quality problem. You would be exposing yourself to problems and, from the purchaser's point of view, he is exposing himself to a major problem."

But will that diesel engine "explosion" really take place? In 1978 diesel cars accounted for only 0.4 per cent of total U.S. production, rising to 2.2 per cent in 1979. Lucas is putting a great deal of faith in General Motors to light the fuse. GM will produce 300,000 diesel cars this year, rising to 500,000 in 1981.

GM needs diesel engines, with their better miles-per-gallon performance, in the future if it is to continue to supply U.S. customers with the kind of big cars they have become used to, and yet meet the Government's fuel economy targets. The company keeps insisting that by 1985 at least 20 per cent of the cars it makes will have diesel engines. And GM's output is roughly 5.5m cars a year.

Wootten seizes on this statistic. "That suggests it will not just be six- and eight-cylinder engines GM will be using but four-cylinder types, too."

Fuel injection pumps are found at the heart of the diesel engine; they supply fuel to the combustion chamber at high pressure and at exactly the right moment in each work cycle. In Europe Lucas supplies fuel injection equipment for Volkswagen, Fiat, Citroen, Peugeot, Renault and other diesel cars.

Lucas' careful preparation in the U.S. has already begun to show results, with GM becoming the first car maker to buy its Microjector, a miniature diesel fuel injector.

Lucas developed the Microjector specially for the high-revving diesels used in cars. It weighs less than two ounces and is only two and a half inches long. These characteristics will in turn enable smaller cylinder heads to be designed, thus achieving considerable overall weight savings on the engine.

The Microjector's design also helps reduce exhaust emissions and engine noise, and meets U.S. environmental standards for at least 50,000 miles, after which replacement is a simple matter.

GM is fitting the injector to the Oldsmobile diesel engines now optional in many of its marques.

Lucas says the contract is worth £30m but will not reveal its duration, because it does not want to give the competition too much information. At present, the Microjector is supplied from a new high technology factory at Ipswich in the UK.

Wooton maintains that anyone exporting from the UK and having to cope with an over-valued currency must have the right kind of high-technology products and produce them very efficiently. The Microjector seems to fit the description very neatly.

But several question marks still hover over the future of car diesels in the U.S. Not the least concerns their emissions. The engine makers are having considerable difficulty in meeting the present regulations and say some of those to be imposed later in the 1980s cannot be met by using the technology currently available.

And some car makers, notably GM's major rival Ford, are still not convinced that the diesel engine is the right way to solve the problem of keeping large cars on North American roads in spite of fuel economy legislation. Ford has constantly maintained that diesel engines have certain characteristics—for example noise and extra vibration—that drivers will not tolerate.

However, the current regulations, and those proposed, would appear to favour smaller diesel engines because they would involve emissions being measured by grams per mile—and this would suit Lucas.

It still believes, however, that U.S. car-makers will have to have diesel-engined cars if they are to meet the fuel economy legislation, so that by 1985 diesels could be powering 10 per cent of the 9m to 10m cars produced each year in the U.S.

Wootten maintains: "Lucas is working with everybody who has potential diesel applications. So we hope to get a reasonable share of the new business." What is "reasonable"? He replies: "Perhaps a quarter, or better."

The potential volumes involved would suggest that the U.S. car-makers could find it worthwhile to make their own equipment, perhaps under licence. But Wootten points out that an outside supplier can offer a continuing input of new technology. "And growth will be so rapid that the business will have to be spread around. In any case, it is good policy to have more than one supplier, even if that supplier is one of your own subsidiaries."

In the U.S. Lucas's main rival will almost certainly be Robert Bosch of Germany. Most builders of high-speed diesel engines buy from one of these two companies or one of their licensees.

Bosch has two licensees in Japan, Diesel Kiki, the major supplier in that country, and Nippondenso, but so far the Japanese have not made much noise in North America.

If all went well, the jump in demand for diesel equipment could quickly double LINA's sales, which last year reached £50m, including its non-automotive operations. To meet such a demand, Lucas would have to establish a second plant. One reason for this is that LINA does not want the number of employees at Greenville to rise above a managable 1,000. Nearby land for the second facility was acquired at the time the first factory was started.

If this growth materialises LINA would represent an even more important element in Lucas's total sales, which last year reached £1.07bn on which profits were £71m.

But such an expansion would require an injection of finance by the UK parent group. In the past LINA has ben able to raise the necessary cash for all its U.S. development, apart from the Greenville plant, either locally or from its own resources.

### Expansion

Lucas first set up U.S. operations in 1948 to provide parts and service information for British-made vehicles imported into North America. That service business has now expanded so that there are 11 depots around the U.S. supplying jobbers and warehouses. There is a separate division in Canada.

In the 1950s Lucas's aerospace division set up a small factory in Canada to support the local industry. The headquarters of the aerospace business is now in New Jersey, and not only provides service support for users but also sells new equipment to the aircraft and missile industries.

Industrial products followed pumps, valves and piping systems for industrial use and electronic control systems for machine tools. There is also a shareholding in Siliconix, a solid state electronic device manufacturer in California whose products have the potential to be used in aircraft engine management systems.

On the car components front, Lucas Girling has been for many years a supplier of special braking equipment to Ford and to Massey-Ferguson as well as selling brake parts to Kelsey Hayes.

Wootten was posted to the U.S. just under four years ago from Girling where he was general manager. He was also head of Lucas, Europe. At that time Lucas was making a determined effort to become less reliant on its automotive-related business, and to put more emphasis on the aerospace and industrial operations.

LINA is structured, in crude terms, rather like an industrial holding company and Wootten's job has been to hold the balance between the various divisions which in the UK operate with a high degree of autonomy.

There are two particular areas, apart from diesel equipment, on which Lucas intends to concentrate in the U.S.—fluid power equipment distribution and the nidustrial application of electronics.

Both would involve growth by acquisition as well as internal development. But until fairly recently Lucas has not had much investment cash to spend because it had put by $26m to buy a 50 per cent stake in Ducellier, a French automotive electronics business, and this almost dried up supplies. The French authorities delayed the Ducellier deal and ultimately Lucas had to make do with much less than full control of the company.

Ironically, if all goes according to plan and Lucas shares in the North American move to diesel engines for cars, Wooten's efforts to move the emphasis away from automative will have failed spectacularly, even though the prospects for growth for the industrial equipment and aerospace businesses remain healthy.

If the worst happened and Detroit decided against the dieselu it would be disappointing but not disastrous. And the Greenville plant is in a state of development where it could easily be switched to other activities if necessary.

"Bunty" Wootten: "You can't provide a large percentage of anybody's requirements from offshore."

# How to use gold at $676 an oz.

BY DAVID MARSH

Designs for broad new brush strokes across the world's monetary canvas have been abandoned in favour of back-of-the-envelope doodlings. If there ever was a time for grandiose schemes of international monetary reform this clearly is not it.

The seven western leaders returned from their meeting in Venice last month preoccupied with backfire bombers and Cruise missiles rather than the currency stabilisation scheme involving Euro-roubles which they had earlier thought would be dished up by President Giscard.

## Diversification

The International Monetary Fund's plans for a substitution account to tackle the reserve diversification problem had already met a similar demise. After months of fluttering and squawking between the U.S. Treasury, the Bundesbank and the Saudi Arabians, this particular chicken finally came home to roost at the Hamburg IMF meeting in April, when it became evident that nobody wanted the SDR-denominated eggs that it was about to lay.

Within Europe, extravagant proposals to set up a European Fund to pool part of central banks' reserves have been shelved while the scheme's French and German architects go electioneering.

And the notion of arranging a system of "target rates" between the dollar and the currencies in the European monetary system looks likely to remain nothing more than a gleam in the eye of some of the more fanciful members of the EEC Monetary Committee.

The failure of the grand designs has however been a blessing in disguise. Central banks and finance ministries have been able to chip away on a piecemeal basis—mostly well out of sight of the headlines—at efforts to improve the running of the monetary system. By lowering their sights, they might well end up with better results.

One example has been the greater flexibility towards reserve diversification now being shown by the main industrialised countries.

Another has been the efforts to promote better co-operation with the developing country central banks and institutions that now own such a large proportion of world reserves.

There is one further area which central banks might well be exploring during the next 18 months or so, without departing radically from the pragmatic, step-by-step approach. This would be simply for the industrialised West to make better use of the greatly increased value of their gold reserves.

At present market prices the gold reserves of the Group of Ten and Switzerland are worth well over $500bn—making up more than three-quarters of these countries' total reserves. The gold component of OPEC reserves, on the other hand, has been estimated at only 10 per cent.

This is an obvious imbalance. The oil exporters' desire to correct it accounts for part of the buying pressure on the bullion market. If the West needs oil, and OPEC would like gold, there is no earthly reason why a transfer deal should not be arranged between the two sides.

Western countries might also contribute to the proposed boosting of the IMF's lending resources by transferring gold rather than dollars to the Fund. The IMF could sell the gold, either on the market or directly to OPEC, to gain the necessary currencies for on-lending to developing countries.

## Legitimate

There is also room for a greater role for gold in monetary transactions among the western central banks—all perfectly legitimate under the articles of the IMF, and even expressedly provided for by the rules of the EMS.

Mr. Charles Coombs, who was manager of the New York Fed's foreign exchange operations up until 1975, made the suggestion only last month—to an audience of central bankers in Basle—that the U.S. Treasury should sell gold to other central banks at times of dollar weakness in order to acquire foreign operations.

With the weakening dollar now again requiring propping-up intervention on the currency markets, it is a suggestion that the central bankers might like to review further when they assemble for their monthly get-together in Basle next Monday (July 6).

# Guide to a competitive market

## FILM AND VIDEO

BY JOHN CHITTOCK

THE NEW boom market for the consumer industry—video—has so far been characterised by chaos. There has been confusion over technical standards, intense commercial rivalries and a dearth of reliable information on which journalists and investors could base their professional conclusions. At last, however, some of the haze is beginning to clear and the picture is coming into focus.

The big issues have been over competing videocassette recorder systems (those of Sony, Philips and JVC), and the prospect of at least three equally competitive video disc systems (again Philips and JVC, but with RCA as the third main contender).

The industry is at least learning to live with the present videocassette recorder formats. JVC dominates with well over a 60 per cent share of the market in most territories; Philips inevitably trails because its new V2020 system—yielding eight hours playing time from one cassette—has only just become available.

At one time there was an uneasy feeling that the video recorder skirmishes would become a full-scale war—with the interchangeability of pre-recorded tapes important and room for only one system as a clear winner. But videocassette recorder owners are using their machines mostly as time-shift machines for viewing television programmes at some later hour than actual broadcast transmission. In consequence the problem of standardisation between machines is largely irrelevant—except for the videocassette duplicating houses which have to carry banks of machines for each system.

Present trends suggest that the video recorder is not being regarded by home users as part of a programme library system but more as a versatile accompaniment to the television set—to which will be added the home video camera.

The video disc player offers the real attractions for the collector of programmes, with much lower purchase costs (at least half that of videocassettes) and greater compactness for storage. My own view expressed before in this column—that ultimately the video recorder and video disc players would be complementary—already receives some confirmation from early American experience. Magnavox, the Philips U.S. subsidiary, has surveyed early buyers of their video disc system and found that 35 per cent already own a videocassette recorder.

It is on the video disc front where the interchangeability of programmes is of critical importance and why the battle between the three main systems could be, in the long term, to the death.

For video watchers some of the issues in this war are now clearer, following the first London showings in recent weeks of both the JVC VHD video disc system and Sony's optical player, which is compatible with the Philips system. I have already commented in this column about the superb performance of the Sony player and how it happily accepted an MCA/Philips disc which I took along to the demonstration. But two weeks ago was our first chance to see the JVC VHD player, to which Thorn-EMI is now committed.

To understand how the audio-visual press reacted to this opportunity, it is first important to appreciate the criteria which will ultimately resolve the conflict between the camps of Philips, JVC and RCA. One is technical quality — does each system provide an adequate and dependable picture? A second is user-facilities — will each do more than merely replay a colour television programme, and is this option important anyway? A third is marketing strength, which covers manufacturing capability, programming back-up, distribution and retailing power, market lead and price.

The marketing strengths of Philips, RCA and JVC are now well documented. Philips has the inestimable advantage of already being in the shops in about 20 U.S. cities (through Magnavox and now, via licensing, Pioneer), with effective national coverage expected by the end of the year and the UK launch set for next May. RCA hopes to be ready in the first half of next year, but JVC will be lucky to be on the market before 1982. In the important U.S. market, RCA has a huge TV retailing strength — but Pioneer is compensating for this by launching its own Philips-type player through its established network of hi-fi dealers.

RCA has thrown considerable effort into backing its marketing effort with a wide range of programmes (especially films) and JVC is looking to Thorn-EMI for similar support, as is Philips in part to MCA (which owns Universal Pictures). RCA claims it will undersell Philips by about one third — the $775 cost of a Magnavox player, but the new Pioneer version is already an improvement at $745. JVC claims a price similar to RCA for its system.

These differences may narrow, and the deciding factor could well become technical quality and user-facilities. The Philips system is unique in providing instant retrieval of single frames by reference to index numbers and also sophisticated slow, fast and repeat motion. Other facilities are programmable replay of different sections of the disc and virtual freedom from disc wear and physical handling problems. RCA cannot claim any of these facilities and does not even have stereo sound replay, considered by most observers as vital in the important music market.

The programmable modes of the Philips system, the indexing of over 50,000 frames retrievable as still pictures, and similar features, are regarded by many experts as very important. They elevate the video disc player to something much more adaptable than the TV set or the video recorder when used only for playback.

JVC recognises this, although its system—like RCA's—is inherently unsuited to the provision of such facilities (mainly because one revolution of the disc contains more than one picture, unlike Philips, and repeat scanning of one "groove" may display some movement of the subject). But JVC claims to have overcome this drawback by providing an optional unit which will process the pictures and also offer numerical indexing of frames as with the Philips' system.

The recent London demonstration seemed to confirm this, and the picture quality was certainly of an order comparable to both Philips and RCA. But that little box, the optional unit which JVC says will cost only an extra £150: how did it work? Normally such a unit, known as a "frame store," would cost about £10,000.

One inquisitive journalist, Mr. Adrian Hope of New Scientist, reckons he found out when probing behind the table drapes at the end of the demonstration. He revealed what he claims was an expensive frame store, connected to the VHD player. At all events, because of this problem with single-framing, the demonstration was less than totally impressive.

I remain a believer in the Philips optical system, provided Philips gets its marketing sorted out successfully. So do most if not all of the audio-visual press. Adrian Hope puts it even more strongly: "Philips VLP is obviously the system for the long-term future. . . . It will have to succeed, despite Philips. . . ."

The sting in the tail is a reference to what most of us believe, that Philips still has marketing problems and sometimes makes strange marketing decisions—such as entrusting the VLP launch next year to its audio division rather than the video division. But with Pioneer, IBM, and possibly even Sony now actively involved, Mr. Hope may be right, despite Philips.

# Watch More Light at Newmarket

## RACING

BY DOMINIC WIGAN

FOR MANY regular racegoers there is no more enjoyable programme in the year than Newmarket's July meeting, which opens today.

Not only is the July course which borders the National Stud one of the most beautiful courses in the world, but every year it attracts a good proportion of Newmarket's most highly rated two-year-olds for their racecourse debuts.

This afternoon there are three juvenile races, the Cherry Hinton and Chesterfield and the Plantation Maiden Stakes. Four fillies with unbeaten records, including the Henry Cecil pair, Her Grace and Pushy, are among the 11 runners for the Group III Cherry Hinton won a year ago by Mrs. Penny. Here many will be surprised to see that Joe Mercer has decided to desert Pushy, preferring to partner Her Grace.

Pushy completed a hat-trick with a resolute victory over four evenly matched fillies in Welshwyn, Nasseem, Ancient Regime and Stats Emmar, when lifting the Queen Mary Stakes last time out; and Her Grace promised a bright future in winning on her only start to date.

Both will go well, but I doubt if either of the Warren Place fillies have the speed to cope with the beautifully bred grey Integrity. This filly by Reform out of Cry of Truth, whose first foal, Truth Will Out, scored recently, should have benefited considerably from her initial effort at Yarmouth six days ago, where she got the better of the highly rated and more forward Wolverhants.

Saviour, an early season Derby hope for Beckhampton, will be trying to boost his St. Leger prospects with a win in the Princess of Wales' Stakes. Jeremy Tree's half brother to three classic winners is expected to make a bold bid after that encouraging run in the King Edward VII Stakes, without proving good enough to cope with More Light. The last named pushed Francois Boutin's Scorpio to his limits in the Hardwick Stakes.

**NEWMARKET**

2.00—Bold Raider*
2.30—Integrity**
3.00—Steeple Bell
3.35—More Light***
4.10—Redford
4.40—Welcombe

# TV/Radio

## BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 1.30 pm Trumpton. 1.45 News. 3.55 Dechrau Canu. 4.13 Regional News for England (except London). 4.15 Play School (as BBC 2 11.00 am). 4.40 Battle of the Planets. 5.00 John Craven's Newsround. 5.10 Ask Aspel. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 The Tuesday Film: "Young Joe, the Forgotten Kennedy."
8.30 Rings on their Fingers.
9.00 News.
9.25 The Edge of Extinction with Gerald Durrell.
10.15 Play for Today.
11.30 Weather/Regional News.

All Regions as BBC-1 except as follows:—

BBC Cymru / Wales — 5.10-5.40 pm Yr Awr Fach. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15 Gair I Gall with Hywel Gwynfryn. 7.40-8.30 The High Chaparral. 11.30 News and Weather for Wales.

Scotland—9.55 am Noah and Nelly. 10.09 Jackanory. 10.15 The All New Popeye Show. 10.35-10.55 Take Hart. 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.30 News and Weather for Scotland.

Northern Ireland — 4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.30 News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Dallas.
7.45 Mid-Evening News including sub titles.
7.55 One Hundred Great Paintings.
8.05 Out of Court.
8.35 My Music.
9.00 Spike Milligan in Q9.
9.30 The Enigma Files.
10.20 Rugby Special: Western Province v. The Lions.
10.45 Newsnight.

## LONDON

9.30 am Wilkie on Water. 10.00 A Big Country. 10.25 World Famous Fairy Tales. 10.40 Young Ramsey. 11.30 Bailey's Bird. 11.55 Mr. Magoo Cartoon. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Racing from Newmarket. 3.45 Tell Me Another. 4.15 Get It Together. 4.45 Extraordinary. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.40 Crossroads.
7.05 "Betrayal." starring Amanda Blake and Dick Haymes.
8.30 Robin's Nest.
9.00 Love Among The Artists.
10.00 News.
10.30 Only In America.
11.30 The New Avengers.
12.25 am Close: Personal Choice with Leo Aylen.

All IBA Regions as London except at the following times:

### ATV

10.00 am The Story Of Wine. 10.25 Morning Cinema: "Uncle Silas" starring Jean Simmons. 12.30 pm Against The Wind. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 ATV Newsdesk. 11.35 S.W.A.T.

### ANGLIA

10.00 am Tuesday Morning Film: "A Matter of Life and Death." 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 2.00 Houseparty. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.00 Enterprise. 7.30 Charlie's Angels. 11.30 Rush. 12.30 am You Have a Minute Lord?

10.00 am Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 11.55 Cartoons. 1.20 pm Border News. 5.15 Alright Now. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 Brass in Concert. 12.15 am Border News Summary.

### CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, Whats on Where and Weather. 5.15 Spiderman. 6.00 Report at Six. 7.00 Al Oeming—Man Of The North. 7.30 TV Movie: "One Step to Hell." 10.28 Channel Late News. 11.30 Chief of Dectectives. 12.25 am Commenatires et Previsions Meteorologiques.

### GRAMPIAN

9.25 am First Thing. 10.00 Treasures in Store. 10.25 Redgauntlet. 10.50 Cooking with Tovey. 11.00 Tarzan. 12.30 pm Against the Wind. 1.20 North News. 5.15 Emmerdale Farm. 6.00 North Tonight and Area Weather Forecast. 7.00 Tuesday Comedy: "Carry on Camping" starring Sidney James, Kenneth Williams and Charles Hawtrey. 11.30 Reflections. 11.35 The Streets of San Francisco. 12.30 am North Headlines.

### GRANADA

10.00 am Heritage. 10.45 Cartoon Time. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.35 Emmerdale Farm. 7.05 Tuesday Premiere. 11.30 Fireside Theatre.

### HTV

10.00 am "Melba" starring Patrice Munsel. 1.20 pm Report West Headlines. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.30 The Tuesday Movie: "Kidnapped". 11.30 What's On Next?

HTV Cymru/Wales—As HTV West/HTV general service except:— 12.00-12.10 pm Flalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.25 World in Action. 11.55-12.25 am What's On Next?

### SCOTTISH

10.00 am. Treasures in Store. 10.25 The Lost Islands. 10.50 Cooking With Tovey. 11.05 Young Ramsey. 11.55 The Bubblies. 1.20 pm. News and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today News and High Summer Extra. 6.30 The Steve Jones Programme. 7.00 Survival. 7.30 240 Robert. 11.30 Late Call. 11.35 Barney Miller.

### SOUTHERN

10.00 am "San Francisco International Airport" starring Pernell Roberts. 11.25 Southern Report. 11.25 Who Cares? (South East Area only). 12.30 pm Against the Wind. 1.20 Southern News. 2.00 Houseparty. 3.45 Electric Theatre Show. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.30 Enterprise.

### TYNE TEES

9.20 am The Good Word, followed by North East News. 9.55 George Hamilton IV. 10.20 The Mad Dog Gang meets Rotten Fred and Ratguts. †10.45 Morning Movie — "The Oracle," starring Robert Beatty and Virginia McKenna. 1.20 pm North East News and Lookaround. 5.15 The Great Yorkshire Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 The New Avengers. 12.30 am A Faith which Triumphs.

### ULSTER

10.00 am Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Chopper Squad. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The White Line. 6.30 Bygones. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 10.29 Ulster Weather. 11.30 Bedtime.

### WESTWARD

10.00 am Untamed World. 10.25 Red Gauntlet. 10.50 Sesame Street. 11.50 Cartoon time. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Spiderman. 6.00 Westward Diary. 7.00 TV Movie: "One Step to Hell," starring Ty Hardin and Pier Angeli. 10.31 Westward Late News. 11.30 Chief of Detectives. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

### YORKSHIRE

10.00 am A Dog's Show. 10.25 Comic Stories. 10.30 Cartoon Time. 10.45 Grasshopper Island. 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.30 The Dudley Moore Show.

### RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Peter Powell. 7.00 Personal Call. 8.00 Simon Cole. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

### RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 John Timpson (S). 12.03 p.m. David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Newmarket. 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Hooray for Hollywood (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club starring Dana. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 a.m. You and the Night and the Music (S).

### RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Smetana (S). 10.00 Rheinberger and Schumann chamber music (S). 10.55 English Church Music (S). 11.40 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 Six Continents. 1.25 John Ireland piano recital (S). 2.15 Images of Debussy (S). 3.00 Cello Sonatas (S). 3.45 Victorian Songs (S). 4.25 Jazz Today on records (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡only from 6.20). 7.00 An Old Time Musician. 7.30 City of Birmingham Symphony Orchestra concert, part 1 (S). 8.20 Interval Reading. 8.25 Concert, part 2. 9.30 "Beyond the Pale," by William Trevor (play) (S). 10.40 Faure (S). 11.00 News. 11.05 Monteverdi (S).

VHF Only—Open University—6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00 pm-1.00 am.

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Services (S). 10.45 Story Time (12). 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Little Dorrit (S). 4.10 A Celebration of Pepys (Robert Latham on Pepys and his diaries). 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Detective, 1. 7.00 News. 7.05 The Archers. 7.20 The First Oil Crisis: Dr. Musaddiq and the nationalisation of Anglo-Iranian oil. 8.05 On the Train to New Zealand. 8.20 The Negro and the Spiritual (S). 9.05 In Touch (recording services for the blind). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime (2). 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

### BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

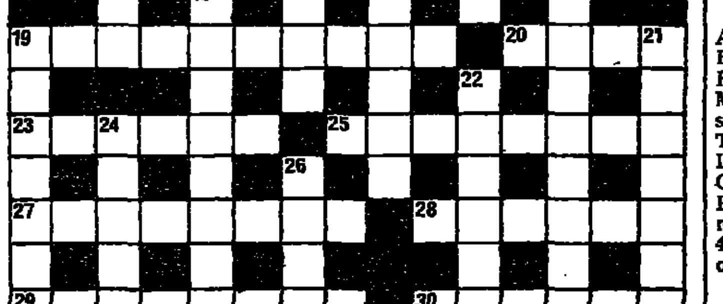
### London Broadcasting

6.00 am AM Bob Holness and Alan King. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Mike Dickin—Nightline with David Ormondy, Environmental Health Authority and MP Douglas Jay. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

### Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 1.10 Mike Allen (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 10.50 "The Hound of the Baskervilles"—Sir Arthur Conan Doyle (S). 11.00 Tony Myatt's Late Show (S). 2.00 am John Sach's Night Flight (S).

## F.T. CROSSWORD PUZZLE No. 4,316



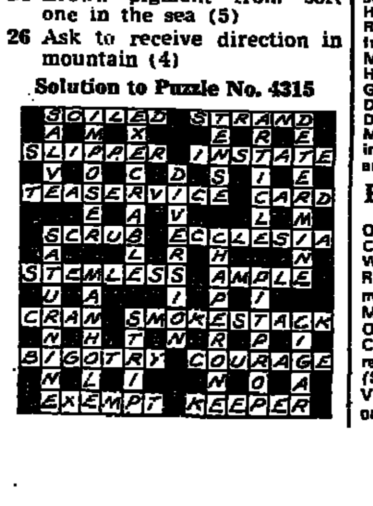
**ACROSS**

1 Dealing successfully with top of wall (6)
4 Accepted model flag (8)
9 Useless stuff consumed in turn (6)
10 Less than one ringleader in dissension (8)
12 Most important number? (8)
13 Pen leased from engraver (6)
15 Sound in return (4)
16 Fellow in bible-story is to be excused (10)
19 Dilapidated sheep's comb (10)
20 Mark vehicle from the south (4)
23 Request of French father (6)
25 East German soldiers fish for shellfish (8)
27 Went off to walk laboriously in river with dismay at first (8)
28 Kick and shrink in horror (6)
29 Rent paid by market trader to stop a while (8)
30 Soak female sheep (6)

**DOWN**

1 Boat and car turning up in cabbage (7)
2 Heavy corded ribbon it's safe to pretend (9)
3 Fur making head dry up (6)
5 Sweet and sour (4)
6 Nice about oxygen container but it's poisonous (8)
7 Swallow a gazelle (5)
8 Where one may eat mixed diet around ten standing up (7)
11 Poise needed to settle an account (7)
14 Love I soiled outrageously (7)
17 Gamble on clergy making an appearance on stage (4-5)
18 Clean fuel used by artists (8)
19 A relief to change one's clothes (7)
21 One who screens a puzzler (7)
22 Quarrel and get the wind up? (6)
24 Brown pigment from soft one in the sea (5)
26 Ask to receive direction in mountain (4)

**Solution to Puzzle No. 4315**



# ENTERTAINMENT GUIDE

**OPERA & BALLET**

COLISEUM ... NATIONAL OPERA ... [illegible]

COVENT GARDEN ... THE ROYAL OPERA ... ROYAL BALLET ... [illegible]

GLYNDEBOURNE ... [illegible]

SADLER'S WELLS THEATRE ... CARTE IN GILBERT & SULLIVAN ... The Mikado. [illegible]

**THEATRES**

ADELPHI ... ALBERY ... ALDWYCH ... AMBASSADORS ... APOLLO ... CAMBRIDGE ... CHICHESTER FESTIVAL THEATRE ... COMEDY ... CRITERION ... DUCHESS ... DUKE OF YORK'S ... FORTUNE ... GARRICK ... GLOBE ... HAYMARKET ... HER MAJESTY'S ... LONDON PALLADIUM ... LYRIC HAMMERSMITH ... LYRIC THEATRE ... NATIONAL THEATRE ... OLD VIC ... PALACE ... PALLADIUM ... PHOENIX ... PICCADILLY ... PRINCE EDWARD ... PRINCE OF WALES ... QUEEN'S ... RAYMOND REVUEBAR ... ROYAL COURT ... SAVOY ... SHAFTESBURY ... SHAW ... ST. GEORGE'S ... ST. MARTIN'S ... STRAND ... STRATFORD-UPON-AVON ... TALK OF THE TOWN ... THEATRE ROYAL DRURY LANE ... VAUDEVILLE ... VICTORIA PALACE ... WAREHOUSE ... WHITEHALL ... WINDMILL ... WYNDHAM'S ... YOUNG VIC [illegible]

**CINEMAS**

CLASSIC ... CURZON ... ODEON HAYMARKET ... ODEON LEICESTER SQUARE ... ODEON MARBLE ARCH ... PRINCE CHARLES ... STUDIO ... [illegible]

**ART GALLERIES**

AGNEW GALLERY ... DAVID CARRITT ... FINE ART SOCIETY ... HAMILTONS ... IVOR BRAKA ... LEFEVRE GALLERY ... MARLBOROUGH GALLERY ... MATHAF GALLERY ... PARKER GALLERY ... WILDENSTEIN ... [illegible]



هكذا من الأصل

# Music at Evian

by DOMINIC GILL

The little town of Evian, which stands serenely on the shore of Lake Geneva, surrounded by some of the most glorious mountain scenery in France, is famous for three things: its Casino, its Royal Hotel, and its water.

The Casino attracts hazard-hunters from all over the world, but especially from Geneva and across the lake from Lausanne in casino-less Switzerland. The Royal Hotel, with its 20-acre park, spacious rooms, painted ceilings, fine wines and panoramic views, 10 minutes' bracing walk up the hill from the gambling tables, is of the grandest sort, expressly designed by turn-of-the-century architects to relieve winners painlessly of their gains, and soothe the chagrin of the vanquished. The water, above, underneath and all around, is the mainstay of the town: pure and tasteless, it filters down from the mountains, where it is bottled, labelled, and in vast quantity exported. It is a symbol of the place: like everything else in Evian, a base essence transmuted by modern alchemy into gold.

Since 1976, Evian has also gained for itself the additional distinction of playing host to one of the smallest and most generously funded music festivals in the world. The case is an interesting one: and the principle—in our present state of public penury—may even bear examination by British fiscal planners. Under French law, a casino pays less tax on its profits if it uses a certain percentage of those profits to fund a cultural venture of recognised quality. Thus it is that Evian's *Festival de musique*, directed by the conductor Serge Zehnacker, has been mounted each year for the past five years without a single franc of state subsidy, under the ample patronage of the Société Nouvelle d'Exploitation des Grands Hôtels et du Casino d'Evian.

Every one of the many music festivals of France has its theme. This one goes under the subtitle of "Jeunes musiciens sans frontières"; throughout the ten-day programme there is an accent, more or less consistent, on young musicians and youthful enterprise. The atmosphere is relaxed, informal, international (though few take the subtitle so literally as some members of a visiting group from an Eastern socialist country three years ago, who played their concert, then defected across the lake to Lausanne). The corridors of the Royal Hotel, where the festival is based, echo day and night to the sound of practice; for this period only, the clientele wear T-shirts and jeans.

Each evening, in the auditorium either of the Hotel or the Casino, a new group of young musicians took the stage; five soloists, all of them prize-winners of the European Union of Music Competitions; the Polish Wieniawski Orchestra from Poznan; the Rhine-Westphalian Youth Orchestra; and for three concerts, the excellent Yale Philharmonic, whose chamber soloists also gave a programme of Penderecki and Hindemith of the very highest professional standard.

But the heart of Evian's festival is a string quartet competition, open to ensembles of an average age of 30 or less, in which every entrant must play at least one 20th-century work, and which also includes an optional round, with its own special prize, of two prescribed modern works, one of them post-war. An alternative international jury of music critics (of which I was one) is invited each year to award its own prize in this optional category.

The jury of critics has not by any means always agreed with the principal jury: but this year, only three out of the eleven participating quartets opted for the special round (another four who had all originally entered with Boulez's *Livre pour quatuor* dropped out when they discovered how difficult it was)—and one of those three was beyond argument the clear winner. The young Buchberger Quartet from Frankfurt gave very strong and stylish performances of Schoenberg's third quartet (the prescribed work) and of Bruno Maderna's quartet. They were both juries' unanimous choice for the special prize; but a talented young British Quartet, the Brodsky from Manchester, rather younger than the Buchberger and not yet fully launched on a professional career, so impressed the critics' jury with their imaginative and ingenious account of André Boucourechliev's partly aleatoric, graphic *Archipell II* that we asked for a special mention of the Brodsky to be written into our report.

The standard in the main part of the competiton was very variable—but among the best ensembles it was exceptionally high. I could not stay for the final round: but was not surprised to learn that the eventual winners were the American Muir Quartet of graduates from the Curtis Institute, closely followed by the Tbilissi Quartet from Georgia in the Soviet Union—both of whose first-round performances of Mozart's K590 in F major (prescribed), and of Brahm's op. 51 no. 1 (Muir) and Chaikovsky's no. 2 (Tbilissi), were full of fine, original and pereceptive things. The Buchberger here, in the mainstream, took third prize. But the final ordering was ultimately irrelevant: for each is an ensemble of remarkable talent, and all three in their different fashions deserve to, and will certainly, make their mark.

(The Buchberger make their London debut at the Wigmore Hall on July 15).

## Sotheby's to open decorative arts facility in New York

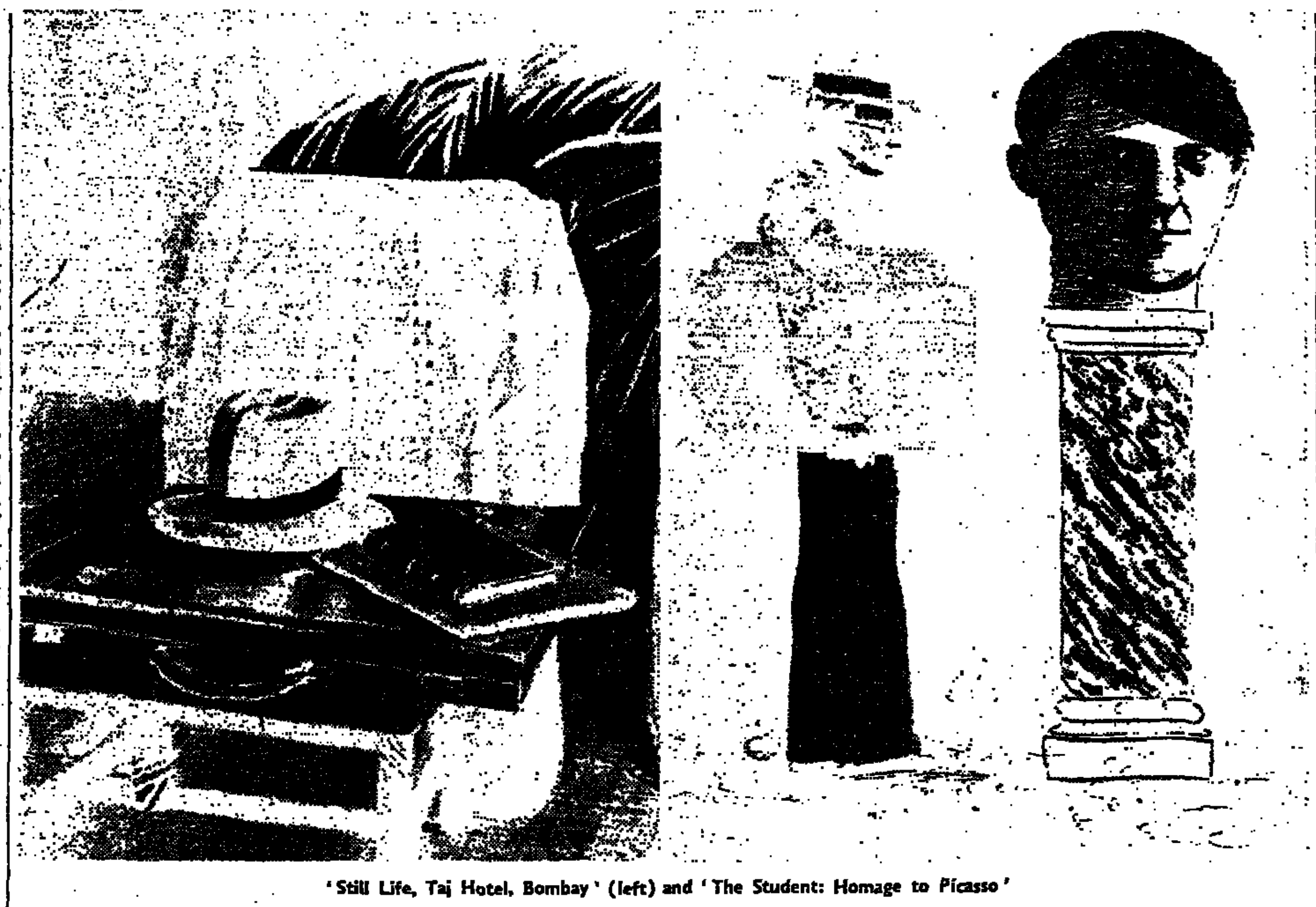
Because of the ever-increasing market for antiques and decorative arts, and as a result of its own growth, Sotheby Parke Bernet has announced the opening of its York Avenue Galleries, in New York, a new auction facility devoted to the decorative arts.

The redesigned four storey building at York Avenue and East 72nd Street, which will now house all of Sotheby's decorative arts departments in New York, will open to the public in September.

Sotheby's Madison Avenue Galleries at 76th Street will now house all sales of paintings, prints, photography, jewellery, books, stamps and coins. The building also remains the corporate headquarters for the North American operations of Sotheby Parke Bernet.







'Still Life, Taj Hotel, Bombay' (left) and 'The Student: Homage to Picasso'

# Hockney at the Tate

by WILLIAM PACKER

David Hockney's long periods of residence abroad have made him by now rather less the regular summer migrant than the occasional visitor and thus any show of his work, let alone one at the Tate (with which his relation has not been too easy in the past), is bound to excite a certain curiosity. But the sad fact remains that even now, nearly twenty years after he first stepped so gorgeously into the public eye, he still attracts the general attention more to what he is than to what he does, with the quality of the work itself left to be assumed simply on the strength of that public presence. Having once docketted him as an artist and a star, we would much rather save ourselves the trouble of giving his work another thought; and we forget that a reputation that loses touch with its justification is likely to prove in time no reputation at all. Such is the trick we sometimes put across our artists, particularly those of precocious and obvious gifts. Millais and Augustus John for example; and Hockney is only the latest major victim. The dangers hardly need pointing further.

Hockney's case is peculiarly one of category. There is no question of his outstanding and many-sided talent, but he would seem to be stuck all the same in the wrong box, an intricate construction made up of general misunderstanding and myopia, and something, dare I say, of his own ambition. For such is the inflexible, hierarchical ordering of the visual disciplines that no doubt his ambitions remain centred on his work as a painter, and indeed it was as a painter that his reputation was first established. The evidence of all the work, however, suggests that his real strengths lie elsewhere: for it is as a painter that he has always had most difficulty, most especially in recent years, with little to show from the 70s apart from the large, encouraging and rather experimental paper-pulp works. Even the most successful of the earlier works are memorable now not for their painterly but for their graphic qualities: the bold simplicities of design and the unashamedly literary nature of image and idea.

Which is precisely the point; for, though doubts do nag on about him as a painter, he might well be a graphic artist of genius—which is meant neither as faint praise nor condescension. He is a brilliant draughtsman when the mood takes him, with an instinctive command of line, texture and pattern that allows him to exploit easily all the major techniques of print-making. And he is a wonderful inventor of images which makes him a natural illustrator. It is no surprise at all that he should have come by and by to work for the theatre, nor that he should be so good at it. He has on one side the reporter's eye for story and incident, on the other the designer's eye for layout and composition, sustaining a constant and refreshing interplay of pattern and silhouette. His nose for satire, admittedly for the most part of a teasing and affectionate nature, is extremely sensitive.

His collected graphic work comprises an intriguing if manifestly partial social document of 20 years, which might lack the unforgiving bitterness of Grosz's view of Berlin between the wars, or the desperate hilarity of Gillray's London of the Revolutionary Wars, but lacks none of their accuracy and whiff of authenticity: and Grosz and Gillray are fine examples of true artists who worked within a comparatively modest compass. Modesty of means does not necessarily limit the scope of the eventual achievement.

This show (which has been seen widely in America, and will remain at the Tate until August 3) is therefore especially welcome, sampling as it does Hockney's work with pen, pencil and ink over his entire adult career. The "Travels" of the sub-title is as much a wry nod to Klee, and the draughtsman's necessarily peripatetic line, as to his own journeyings; for the work is arranged not chronologically but in sets, and while some most certainly cover trips to such places as Paris, Cairo, Kyoto and of course Los Angeles, with their recurring images of hotels, lobbies, bedrooms and the general impedimenta of travel, other groups are given over entirely to suites of prints, to still-lifes, flowers and portraits of friends, of Celia Birtwell and Henry Geldzahler in particular.

It would have been stronger for a little pruning, for there are slack spots, several of the portrait drawings and lithographs, for example, being shown up by the best of their own kind, which are very good indeed. But it is good to be given the chance to see again the whole of The Rake's Progress, the extraordinary suite of etchings he made whilst still a student at the Royal College and making his earliest essays in the medium. The fluency and technical freedom of the very latest lithographic drawings bridge the years between most happily.

Altogether this collection represents an impressively rich and varied achievement—and Hockney is hardly an old man yet. At his best it shows him working freely, naturally and unselfconsciously before his subject, or engrossed in the technicalities and opportunities of his medium, to great effect. We must hope that in whatever he chooses to do next, these unlaborious but precious gifts should be sustained.

**Architecture**

# Hawksmoor triumphs

The last week has provided once again the annual opportunity to combine two of life's greatest pleasures, music and architecture in one spot. The Spitalfields Festival which has filled the great church by Nicholas Hawksmoor with splendid sound and crowds of people is organised by the Friends of Christ Church as a means towards the restoration of this Baroque masterpiece.

It was while I was sitting there listening to Mozart's rarely performed *Lucio Silla* that I was prompted to consider some of the problems facing those who are responsible for the restoration of the church.

At that moment the interior of Christ Church is sound but in poor decorative repair but it does have the most amazing architectural quality. There are serious and expensive proposals to replace the galleries which were removed by Victorian improvers. I am now convinced that this would be a lavish unnecessary move. The giant columns supporting fragments of entablature soar to the transverse tunnel vaults with such vigour and excitement that it is hard to believe that Hawksmoor himself would want to replace the obstructive galleries.

Then there is the question of the decorative treatment of the interior. At present there is no gilding and very little colour. The stone colour that is all pervasive does give the right feeling of a sober, Roman hall and it would be a rash architect who could dare to invent a 20th century version of an 18th century colour scheme for this building.

The few records that exist for the interior of this building suggest that much of the colour and richness came from the generous use of silks and damasks and a use of colour that allowed the severity of the architecture to dominate the internal space.

A serious difficulty exists over the question of the stained glass in the East window. The Rector of the church feels that this should be kept where it is, but it is hard to justify the retention of fairly ordinary Victorian glass in an 18th-century Venetian window that is calling out for lightness and an element of transparency.

On another aspect of the restoration the architects would be wise to ignore the fashion for making all things new and clean.

Anyone who attended the concerts in Christ Church cannot have been unaware that the surrounding streets of 18th-century houses are showing signs of repair and restoration. This achievement is largely due to the activities of The Spitalfields Trust who are a small group of volunteers in need of funds and support for the difficult task of saving these streets. The actor James Mason made a good cause appeal on behalf of the Trust on BBC 1 on Sunday.

I can only echo his words and commend this remarkable area of London, on the fringes of the City, to the charity of the readers of this paper. The address to send contributions to the Trust or to find out more about its work, is The Spitalfields Historic Buildings Trust, 3 Park Square West, London, NW1.

COLIN AMERY

**Covent Garden**

# Kempe memorial concert

The Rudolf Kempe Society founded by the conductor's widow, presented a memorial performance of the Verdi Requiem at the Royal Opera House on Sunday evening. Proceeds from the event will benefit the Musicians Benevolent Fund and the Opera House Benevolent Fund, and the soloists, orchestra and conductor, all of whom knew and worked with Kempe, donated their services. Their performance was distinguished by the clear and purposeful atmosphere that arises when honest musicians collaborate without commercial aim.

The orchestra was made up chiefly from members of the BBC Symphony, Royal Philharmonic and Royal Opera House orchestras. It was a superior ensemble, which boasted at least half a dozen leaders amongst the first violins, and the tonal refinement, intonation and articulation of the strings in particular were of world class.

Sir Charles Groves, deputising at short notice for Rafael Kubelik, steered this exceptional vehicle with skill. Adopting fast speeds, very close to those indicated by Verdi, he emphasised the structure of the work, sometimes at the expense of drama and instrumental detail, but with unfailing perception and emotional commitment. Seeking to create a continuity comparable to the long Dies Irae movement, Sir Charles tried to perform the Offertory, *Sanctus*, *Agnus Dei* and *Lux aeterna* sections without any break, but the ever diligent Royal Opera House coughers defeated him.

The Philharmonia Chorus know this work well; their precision and enthusiasm came close to equalling that of the orchestra.

RICHARD JOSEPH

**Festival Hall**

# Brahms

by PAUL DRIVER

On the face of it, it seems a little rich to undertake a confessed Brahms *series* on the South Bank — where performances of the composer must easily outnumber those of any rival. That it is proving highly successful hardly merits note, but possibly on further consideration Antal Dorati's project with the Royal Philharmonic to play the four symphonies and concertos as well as the *German Requiem* and various smaller items should be positively lauded. Perhaps it is precisely the way the Brahms repertoire is so complacently and thickly spread across our average concert fare that makes him difficult to take for many people, or rather compounds the problems with his music that almost anyone must experience to some extent. Perhaps what we have always needed it such an opportunity really to scrutinise the case of Brahms, to get him out of the hands of polite society.

The latter objective cannot be said to have been achieved of course at Sunday's performances of the *St. Anthony* variations, the 3rd symphony and the concerto for violin and cello, but a more than usual attentiveness seemed to prevail (distudbed only by the rustlings of score-reading critics!) and the quality of playing was high enough to make Brahmsians out of the doggedest opponents. Dorati's treatment of the variations was utterly beguiling—relaxed and profound; having a workmanly unselfconsciousness and eliciting the sprucest execution of the scherzos and the supplest of the *siciliano*; unbothered about point-making but doing so nonetheless, in that he demonstrated how the music of Brahms sometimes permits a surprising co-existence of solemnity and panache, each valued for itself. Mastro Dorati has lost none of his acuteness in becoming a venerable figure.

The relaxed, even festive note that could be admitted into a serious programme was aptly symbolised when Dorati cheerfully descended from the podium to greet the late arrival of the contra-bassoonist just as the third symphony was about to begin. (Actually he had to be fetched by the second bassoonist and escorted to his place, treating the audience to what must count an intrinsically comical spectacle.) The performance was an outstandingly unimpaired one however: if in previous concerts in the series the wind had been found unreliable, that had been remedied by Sunday. The emotional tone of this most minor of ostensibly major symphonies was very plausibly caught. Only the slow movement posed problems, but they were scarcely interpretive ones. Indeed the clarinet solos that dominate it were expertly and sympathetically handled. The difficulty lies in Brahms's own glorying in the most ordinary of material and most unexceptionable of continuities. For the seasoned connoisseur even this aspect of Brahms is firmly to be relished. I evidently have some way yet to travel.

The inclusion of the late Double concerto op. 102 in this concert rather than the final one was intelligent programming. The three items gained a satisfying unity: the variations representing the last stage of Brahms's long preparations for symphonic writing, the 3rd symphony his passionate if slightly wistful spending of the prodigal symphonic talents he achieved, and the concerto his sublimest single outpouring in the orchestral medium—a kind of swan-song but unlike the symphony, celebratory and major-sounding despite its A minor key. Isaac Stern and Paul Tortelier were the immensely charismatic soloists. The impression they made was naturally inseparable from the impact of their contrasting physical presences. But it was their almost frightening passion, laughingly brilliant mutual passage work and flawless calculation of the special sonorities of the work (sometimes they would produce a sound between them that was as massive as the orchestra's) that caused a standing ovation to ripple irresistibly through the entire audience.

## Lecturer in broadcast journalism appointed

The Independent Broadcasting Authority and University College, Cardiff, have appointed Mr. Adam Hopkins, 41, as lecturer in broadcast journalism at the Centre for Journalism Studies. This is a new post, funded by the IBA, and will be for one year initially.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000

Tuesday July 8 1980

# The charade of Boyle

IN ITS response to the latest report of Lord Boyle's review body on top salaries, the Government has taken one very sensible decision but failed to follow it to its logical conclusion. Mrs. Thatcher told the House of Commons yesterday that in future the remuneration of the chairmen and members of the Boards of the nationalised industries will no longer be subject to the recommendations of the committee. For the rest, however, the committee is to continue its work. It is difficult to reconcile those two decisions.

### Market rate

The review body itself has *increasingly come to the conclusion over the years that its* recommendations as far as the nationalised industries are concerned are irrelevant to the real world and possibly even *counter-productive. It admits* this in its latest report. In 1974 it argued that the salaries in this sector should not equal the highest salaries paid in the private sector for jobs of a similar weight. By 1980 realism has entered in. *The notion of* the pay of the chairmen of nationalised industries being fixed by an outside body is quite incompatible with the idea of a market rate. *Moreover, it fails* to take account of either the ambition or mobility of senior management which is clearly interested in seeking higher salaries, at home or abroad. There are also, as the latest report acknowledges, some extraordinary anomalies in the present system. Why should the review body make recommendations on the salaries paid by, say, Regional Water Authorities and Area Electricity Boards whilst excluding British Leyland and Rolls-Royce? The system had become impossible to justify.

The Government has decided that in future the salaries of the chairmen of the industries concerned, and of the members of the Boards, will be deter*mined by the relevant Minister* with the approval of the Minister for the Civil Service. That is the best way to get the best man for the job, which is the only rule that matters. If it results in salaries comparable to the private sector, or even higher, that will be a small price to pay, provided that the salary is tied to performance.

In this way the Government has accepted responsibility for doing its own job without recourse to an outside body whose recommendations over the years have repeatedly proved either embarrassing or inappropriate. It has been considerably less courageous in deciding to preserve the review body procedures for the higher judiciary, the senior grades of the Civil Service and senior officers in the armed forces. It is true that the criterion of the market rate applies less obviously here than in the nationalised industries. But it is surely possible to tell whether the quality of the Civil service or senior officers is suffering because of a relatively low pay. In that sense the market does operate.

The ultimate responsibility for pay in these sectors rests with the Government. It is for it to decide how much it thinks it can pay, how much it is willing to pay and to explain its actions. That is what government is about. The review body formula has never been an effective way out. It leads to recommendations which successive governments have judged to be too high in the economic and political climate of the time. *That in turn leads to the* recommendations not being accepted in full and the claim that top people are setting an example. It would be much better if this influence were exercised directly. The Government is the employer. It should make its own awards without *going through the charade of* an outside review whose recommendations on one mythical day will be implemented in full. What we have now is incomes policy through the back door.

### Parliament

As for the pay of MPs and Ministers, on which the Government also ruled yesterday, there is an inescapable feeling of *deja vu*. This Government missed its chance when it did not fully accept the Boyle recommendations at the start of this Parliament. At that time *there would have been no controversy*. Instead it made a futile gesture of restraint. It is now struck with salaries that are manifestly too low and no prospect of a radical review, *unless the House decides otherwise*. The best way of taking MPs pay out of the poltical arena would be to tie it to that of a particular grade of the Civil Service. The House should say so.

# Aunt Sally on house finance

THERE IS nothing which so offends the managers of the building society movement as the accusation that they are responsible, through unsophisticated lending policies for the ups and downs — or, more usually, explosions and plateaux —in house prices. There is likely to be a good deal of professional rejoicing, then, over the report of the Joint Advisory Committee set up by the societies and the relevant Government departments, on the use of guidelines for lending. It concludes that there is no simple *relationship between the flow of* mortgage funds and the level of house prices, and the movement may take this as vindication.

### Guidelines

It points to no practical conclusion, for despite this analysis, the JAC believes that house prices would be still more volatile if the flow of funds were not smoothed, which suggests that officials would like to persist with guidelines of some kind, without any great faith in the effect. The report itself is to be published in the hope that it will "stimulate debate."

The trouble with the present study as a starting point is that the central theme to which it is addressed is simply an Aunt Sally. Nobody who knows the housing market has ever supposed that prices were set simply by the availability of mortgage funds, so it is not very helpful to discover that this is not the case.

The Committee might have laboured more fruitfully if it had given greater attention to the relation between the flow of funds and the flow of investment in private sector housing; *for it is here that it can most* readily be seen that the system has not for some time been functioning as its founders intended. The very large growth in mortgage finance in the last *decade has not been matched* by any increase in new construction to meet the demand for owner occupation. On the contrary, the number of private sector housing starts has been falling, with occasional brief interruptions, since the early 1960s.

One result is that the flow of new mortgage lending, which used to be roughly of the same order of magnitude as the sum devoted to fixed investment in dwellings—both public and private—is now approaching twice the sum invested. A large part of the sums advanced are now effectively financing withdrawals from what has become the most profitable form of personal investment.

This development is, of course, partly inevitable in an era of inflation; but when it is also remembered that construction for the private market has throughout remained a highly cyclical and somewhat risky business, it can be suggested that a stronger link between the flow of mortgage funds and the financing of new construction might be helpful. Some societies have persisted with the practice of committing a *proportion of their funds to the financing of new developments*, thus carrying on the tradition which gave birth to the movement, but for the most part they seem to behave simply as financial intermediaries.

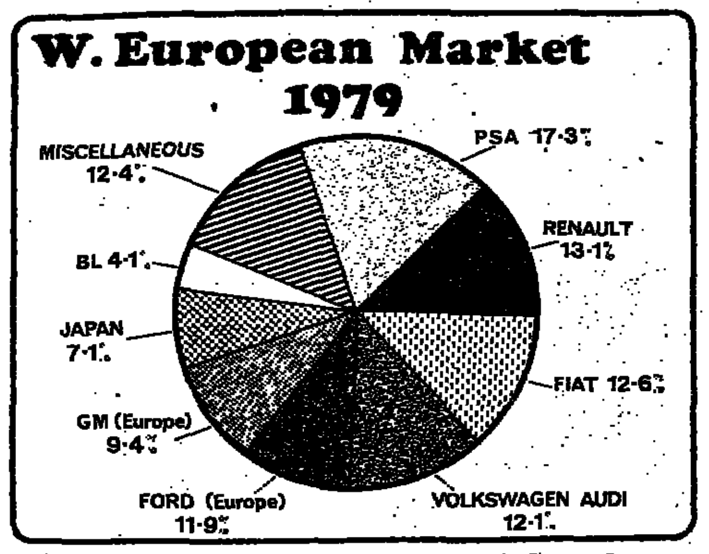
### Advantageous

It must be remembered, too, that building societies serve savers as well as *borrowers*; and here the history of the last decade raises further questions. Home ownership has turned from a form of tenure to a form of financial investment because it has normally been financed on terms highly advantageous to the borrower. The rate of interest payable, even in gross terms, is often far below the rise in house prices. The fact that the societies have for many years concentrated their whole publicity and investment in premises in an effort to capture more savers, while borrowers have been made to queue, shows that this is not a market in which the intermediaries set a market clearing price.

Of course, the societies are not themselves to blame for these financial distortions. Political sensitivity about mortgage rates has completed the work begun by inter-party competition in heaping tax privileges on to this form of tenure. On these points the Wilson Committee has some trenchant observations. That report, rather than this new study, might be taken as the starting point for the thorough review of housing finance so often promised, and *now so long* overdue.

# Ambitious Peugeot faces some hard problems

BY TERRY DODSWORTH IN PARIS




Market area is: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain Sweden, Switzerland and UK.

THE FRENCH car market collapsed spectacularly in May, falling by roughly 24 per cent after a four-month period in which the industry seemed to be defying the laws of economic gravity. While noone was spared, the message coming through in the salesrooms must have been particularly depressing for Peugeot the French group which now *embraces all the three main private sector marques*—Peugeot itself, Citroen and Talbot. After five months of the year, the group has seen its market share cut by about 15 per cent while *its Talbot subsidiary has lost more than* 30 per cent.

In the midst of this decline, Peugeot has shown its customary unflappability. There has been little comment on the *reversals, and at a recent* shareholders' meeting, M. Jean-Paul Parayre, the chairman, said simply that the industry was entering a period of general crisis.

*This response—or lack of it*— is typical of Peugeot, a company renowned for its taciturnity. But in the meantime, the company has been going ahead with a series of agreements which are beginning to *raise doubts* about its overall strategy.

Where particular confusion arises is in the range of Peugeot's recent transactions. The main lines of the company's growth strategy were laid down clearly enough by M. Parayre, the high-flying, former Industry Ministry official, at the time of the Chrysler Europe (now Talbot) acquisition almost two years ago. Peugeot, it was explained at the time, was to transform itself into a multinational with a three marque line-up integrated at production level but selling through their own distribution networks.

No sooner was the ink dry on the Chrysler Europe deal, than Peugeot began to show ambitions in other directions: it made it clear that it was interested in the U.S. market itself, possibly through the medium of Chrysler Corporation, which had taken a 15 per cent stake in the French company as part of the Chrysler Europe deal. It opened negotiations with DAF, the Dutch commercial vehicle group, on possible co-operative deals with its own Dodge interests inherited from Chrysler. In Argentina it linked up with Fiat to form a larger and more competitive unit; and now it is *apparently talking about an* even more ambitious co-operation project with Fiat which could involve a new 1m-a-year engine plant

All this activity demonstrates the driving ambition brought by M. Parayre to a company which only a decade ago existed on the sale of virtually one model. By instinct, Peugeot is *an intensely conservative group*. The style of its cars reflects its firm bourgeois roots, established by a Protestant family which started the company in eastern France almost 100 years ago and has run it ever since.

The Peugeot family still retains control through a 41 per cent direct shareholding, topped up by 7 per cent held by Michelin, an industrial ally. But the new generation of the family, led by M. Pierre Peugeot, one of three key central managers, has accepted the need to step beyond the old system of cautious, internally-generated growth. After long deliberation in the mid-1970s, *the Peugeots decided to bow to* Government pressure and take over the ailing Citroen group. In 1977 M. Parayre was brought in to head the organisation and since then Peugeot has been *advancing on all fronts*.

Like many of the new breed of French managers, who have come through the elite engineering polytechnics and French Government administration, M. Parayre, still only 43, is a convinced internationalist. He also believes in expansion, playing the Americans and Japanese at their own *game in an industrial world* increasingly dominated by big companies. His message, the need for rationalisation in Europe and a new attack on overseas markets, particularly *the U.S., is familiar enough in* French industry. What is not so usual is the complete conviction and speed with which this message is being transmitted into action.

Peugeot is strong enough financially to carry the burden of expansion for some time. But the costs, both in terms of finance and managerial efficacy, are beginning to show. Predictably enough, the main problems have emerged at Talbot, the former Chrysler Europe which was renamed last year in an effort to forget its *inglorious past*.

This group of poorly co-ordinated manufacturers, put together by Chrysler Corporation from companies in France, Britain and Spain has never been more *than* a marginal business during the past 15 years. Talbot gave Peugeot size and production capacity, pushing the group into the third rank of world producers, but has signally failed to deliver sales. For the past 18 months Talbot's registrations have plummeted so fast that Renault, Peugeot's nationalised French rival, has been able to catch up virtually all the ground it lost in France at the time of the takeover.

There were plenty of pessimists who predicted the Talbot pitfalls two years ago. But virtually everyone got the details wrong. The big problem, it was said, was in the UK, where Talbot has lost money for years and was only bailing itself out by threatening a government sensitive about unemployment with closure. Talbot's main difficulties, in fact, turned *out to be in France*. "We were all wrong," says a Paris stockbroker. "We advised investors to buy Peugeot shares at FFrs 400 (£41.45) because we thought that the UK problem *could be solved by better management* or disposals. But we are now sitting on losses because of the French business."

Peugeot's shares wallow today at about FFrs 210 compared with over FFrs 500 in mid 1978. The price reflects not only the Talbot vicissitudes, but also the *general turndown in the world* motor industry and gathering clouds over branches of the group's empire. The French market has very suddenly—if predictably — turned sour, dragging *Peugeot into swinging* production cuts as it tries to keep stocks under control. The Peugeot manufacturing arm itself is to shut down its factories for seven days in the next eight weeks. Citroen has already had most of its factories on short time and is soon to close several plants for another five days. Overall group production fell by almost 16 per cent in the first five months and it is now clear that Peugeot, as one of its senior managers puts it, is going to have to "traverse a desert."

The questions that have now to be answered can be summarised under three headings.

☐ The first is what to do with the Dodge commercial vehicle interest inherited from Chrysler. These as Peugeot has recognised in starting talks with DAF, are too small to compete effectively in Europe. But there are strong rumours that the company is also considering an even more radical link with the Fiat-controlled pan-European IVECO Group.

☐ Second, Peugeot has to find a way of breaking through successfully into the U.S. market. The group planners see North America as the long term counter-balance to Peugeot's dependence on European sales.

Some 83 per cent of group registrations are currently in Europe, and while the declared objective is to pick up slowly in the U.S. from 15,000 this year to 50,000 in 1985—it is clear that Peugeot is hoping that it can graft production of its own vehicle on to Chrysler U.S.'s output to establish a significant North American bridgehead.

The deal which Peugeot has done so far with Chrysler, shows all the French company's traditional prudence. It has lent the beleaguered American company $100m but this is guaranteed against the shares Chrysler holds in Peugeot and in return the French company is to supply its partner with components and receive help in selling its cars in the U.S. In other words, *Peugeot is running very little* risk for an agreement which gives it a stepping stone into the promised land of the U.S. market.

Nevertheless Chrysler's chronic financial instability is almost certain to force Peugeot eventually to commit substantial funds and management effort if it wants to stay in the increasingly competitive U.S. markets; it will have to double or quit.

☐ The challenge posed by North America, raises the third question. *Has Peugeot got the financial and maangerial resources* to expand overseas, while pulling Talbot round and engineering further international deals?

According to the planners these problems can all be controlled because of Peugeot's *relatively sober objectives*. The company is not seeking to do more than roughly maintain its market share in Europe—at around 16.5 per cent against 17 per cent in 1979—where it expects overall sales to grow by only 2.5 per cent a year to 11.4m units in 1985. In the meantime, the integration of component manufacture, on which the three-way merger is hinged, will produce economies *to keep the group afloat financially*.

These integration plans, co-ordinated by a headquarters team of about 100, are already well advanced. Citroen, for example, will be supplying cast*ings to the whole group from* its new foundry. In two years time the group will have a factory capable of producing 6,000 gearboxes a day, sufficient for half its total production needs.

Given these scale economies the planners argue, the group can support the extra marketing and manpower costs of a three marque line-up. The main lines of the product differentiation between the companies have already been established. Peugeot will stay with its traditional robust style. Citroen will continue to emphasise its *avant garde* technology and Talbot is to have a young sporty image under-scored by its entry into Formula One racing.

Talbot's present problems derive from the mediocre image *it inherited* and its paucity of models. Its range will be extended and it will definitely get a small car in order to capture the first time buyers who are important in developing marque loyalty. "We need four to five years to push the plan through" Peugeot says.

This optimistic view, however, is not universally shared. There are some Peugeot managers who feel that the central team assembled by M. Parayre is operating from such a remote ivory tower, that it is incapable of seeing the market realities which used to be so clear when the company was run as a closely knit family unit. The reality they say, is that the bottom has fallen out of Talbot to such an extent that it may have to be abandoned.

With Talbot's market share in France down to around 6 per cent morale is sinking, dealers are beginning to desert, the group runs the risk of throwing away money to try and save it. "For every 100 francs spent by Renault on promotion we have to split our budget three ways," one internal critic said.

So far the sudden collapse of *French car sales has been* received phlegmatically by Peugeot. But even before the slump Talbot was proving a heavy drain for the group. Last year it lost FFr 426m ($101m) causing a reduction in consolidated profits of about 20 per cent to FFr 1.1bn. Peugeot says that this slippage was to be expected as Talbot is pulled round and predicted at the shareholders' meeting that group results would be roughly the same this year as last.

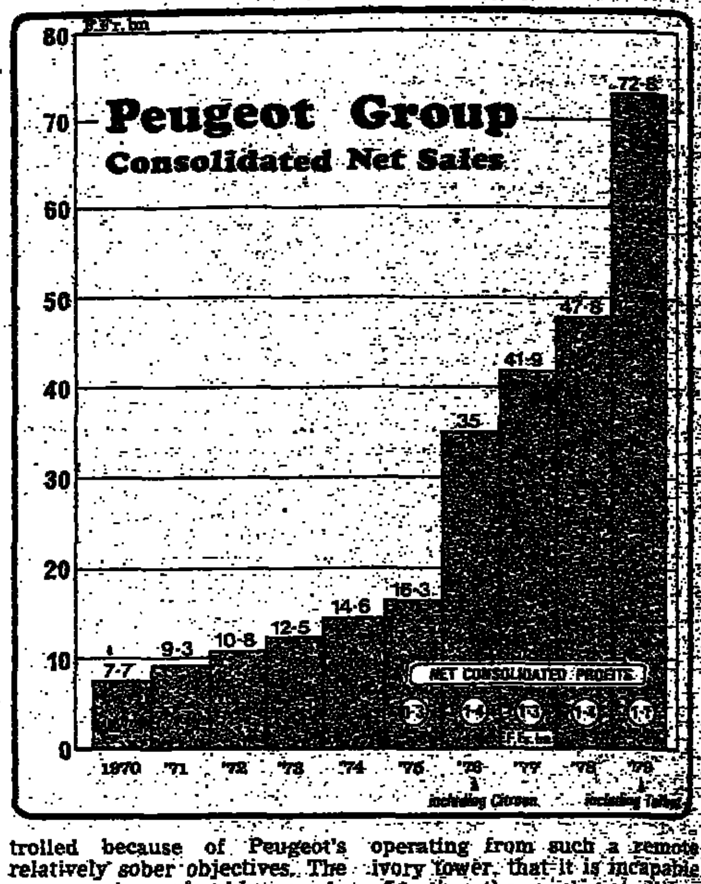
The pessimists, including some brokers, believe that the figures will be worse. Until this summer, it looked as though Peugeot, with cash flow running at about FFr 4.5bn a year, had just sufficient resources to finance its ambitious investment programme. The production cuts show that cash is now getting tight and analysts are predicting a profits decline to around FFr 900m and some delays in plant renewals.

Peugeot so far has shown no signs of panic, resting its case on its strong financial base and its renowned cash controls. But a really deep and sustained slump in the home market could clearly pose problems for its ambitious plans outside France.

**FRENCH CAR PRODUCTION 1980***

| | 5 months 1980 | % of total | 5 months 1979 | % Variation |
|---|---|---|---|---|
| Renault | 648,700 | 49.2 | 593,500 | +15.4 |
| Peugeot group of which: | 707,400 | 50.8 | 839,000 | −15.7 |
| Auto Puegeot | 289,300 | 20.8 | 340,700 | −15.1 |
| Citroen | 274,600 | 19.7 | 322,400 | −14.8 |
| Talbot | 139,600 | 10.0 | 167,600 | −16.7 |
| Matra | 3,800 | 0.3 | 8,200 | −53.1 |
| Total | 1,392,000 | 100 | 1,432,500 | − 2.8 |

* Provisional.




# MEN AND MATTERS

### BL men take to the hills

These are less than comfortable times, as you will doubtless appreciate, for the management of BL. How praiseworthy, then, that 54 of its representatives, whose decision-making abilities are daily tested under pressure, should have chosen at the weekend to subject those same abilities to the combined stresses of exhaustion, hunger and wet feet.

Split into teams of six, gallant managers from BL plants around the country eschewed relaxation for three days' toiling around the SAS training grounds in the Brecon Beacons. Up against 132 trainees and apprentices they took to the hills for a military-style map reading and endurance test.

Roger Savage, in charge of youth training for Austin Morris admitted with relish that he had been praying for rain, and explained: "We want to force people to punish themselves and make decisions when they are at their weakest ebb."

Last year, about half the entrants made what seems to me a wise choice and handed in their boots and 30 lb packs half-way round the 50-mile course. This time only one team (of managers) failed to complete the trip. They had, they complained, been too busy in the office to attend properly to their training.

In the event, strong legs had the edge on wise heads. Spring-heeled youth took the first four places as a white collar team from Rover Triumph staggered home in fifth. But would the members, I wonder, have tramped so determinedly had they known at the off what the reward would be? While the winning trainees won a sail-training course, the bosses tottered home to news that for their pains they would have to do it all again—on a special Outward Bound course for executives.


"That explains it, if you pay peanuts you get monkeys"

### Poles apart

Perhaps it might have been better had the Strasbourg Human Rights Institute stayed at home for the third Armand Hammer Peace Conference which has just closed in Warsaw. Among the more obvious results of the session were embarrassment among the participants and bemusement among the people of Poland.

Hammer, octogenarian head of Occidental Oil, and institute president Edgar Fauré bravely stifled their indignation when local radio and newspapers trumpeted abroad the news that they had presented President Edward Gierek with an award "in recognition of his contribution to peace and human rights." *In fact Gierek had been* given nothing more than a commemorative medal as a modest token of thanks for playing host to the meeting.

Then nerves were set on edge when U.S. delegate Jerome Shestack explained that "medals have to be earned," and demanded that the Polish authorities should set their house in order and issue passports to *intellectuals currently* confined within the borders of the homeland for want of travel documents.

*And faces reddened again* when local activists chimed in with demands that certain Soviet citizens, well-versed in peaceable agitation for human rights, should be allowed to visit the conference.

Did Dr. Hammer feel it was a pity Sakharov could not be present, he was asked at the airport. The good doctor's final word on the whole occasion drifted back as he fled for his plane to Zurich: "I do not have an opinion about that."

### Unmarried

Last week's marriage between unit trust groups Schlesinger and Britannia Arrow might have ended up a ménage à trois. I hear the venturesome Rothschild Investment Trust took part in early discussions with a view to including in any deal its own subsidiary, Target Trust Managers. RIT, which has been prospecting in takeover territory in recent months, acquired Target late last year through its purchase of Dawnay Day.

### Plus ca change

Disciples of the grand repatriator, Enoch Powell, may care to ponder the findings of a review of his ideas in practice which has just been completed in France. In the three years since the Government introduced its *aides au retour*, some 40,000 immigrants have taken the money and run. Since 10,000 of these were unemployed, only 30,000 jobs have been created.

The scheme has not, however, lived up to expectations. When launched, it was suggested that as immigrants went home their jobs would be filled by native Frenchmen. In the event, the National Immigration Office finds, only 10,000 of the openings created by departure have been filled by Frenchmen, 10,000 have been taken up by immigrants and 10,000 jobs have disappeared.

The process has also tended to increase the concentration of immigrants at the bottom of the job scale. While most semi-skilled and skilled jobs vacated have gone to the French, 64 per cent of the labouring jobs have been filled by Portuguese, Spanish and North African immigrants.

### Recognition

Rude noises were heard within the Scottish academic establish*ment last year over the* niggardly publicity accorded by the Oxford University Press to Colville's and the Scottish Steel Industry, the weighty and worthy magnum opus of Aber*deen University's Prof. Peter* Payne.

And the scholarly rumblings were in some way justified considering that Payne had spent 19 years sifting through 30 tonnes of documents to prepare his history of the leading Scottish steel firm from 1860 to nationalisation. As the professor told me yesterday, since Colville's affairs were so enmeshed with the rest of the industry in Scotland he was obliged to scan every document available.

Still, recognition is at hand. The book has been selected by the British Archives Council as 1979s "most outstanding contribution to the study of British business history." Payne will be in London tomorrow to receive his prize of £100, which *may, if he is careful*, just about cover the expenses of his trip.

### Beef? Neigh!

Overheard in a Paris restaurant: "Well, my husband here was in the cavalry, and he says it's horse."

**Observer**

هكذا من الأجمل



**Elaine Williams** reports on new technology which could become as commonplace as television

# At home with the computer

ANTONIA SALMON, aged four, rarely plays with dolls any more. She prefers her PET—not the animal variety—but a personal computer. Her ability to program and operate a computer surely qualifies Antonia as about the youngest female programmer in the UK.

She types in instructions herself, alters diagrams on the display screen and has used her PET to learn to spell and tell the time. Though at the moment she is only capable of carrying out simple programs she is one of the growing number of home computer enthusiasts in Britain who are now indulging in the hobby solely as a result of advances in electronics which have made computers extremely small, and cheap — £600-£1,000.

After the microprocessor — the computer on a chip — appeared in the 1970s computer scientists became obsessed with the idea of making computers suitable for the home to play games such as computer chess.

Soon kits for the electronic hobbyist appeared on the market with all the parts necessary to build a computer.

Since then the industry has been growing at a dramatic rate although even today the personal computer market is still very much in its infancy.

One day the home or personal computer may be all pervasive, running almost every aspect of our lives. For example, we may use it to pay our bills, order shopping, help us locate information and books stored in any library in the world.

In the 1970s it was only the electronics engineers and computer programers, who had access to the equipment at work and the chance to learn about the technology, who became enthusiasts. Their enthusiasm has become infectious and now people in all walks of life have become interested in personal computers.

Shops have opened, particularly in the U.S. but increasingly in Europe, which sell nothing but microcomputers designed for this market.

In the U.S. many of the stores are Byte Shops, so called after the term for eight bits of computer data. One of the most successful manufacturers is Apple Computers started in 1976 by two computer hobbyists, Mr. Steven Jobs and Mr. Stephen Wozniak.

A year before, as amateurs, they had made a basic computer, better than anything then available. Demand from fellow enthusiasts was so great that the pair began manufacturing in Mr. Jobs' garage in Silicon Valley, after selling his Volkswagen and Mr. Wozniak's programmable calculator to raise $1,200 capital.

### One day home computers may run almost every aspect of our lives

When Apple was formally set up in 1976 Mr. Jobs became business manager and Mr. Wozniak was the company's engineer. They called their computer the Apple because it was Mr. Job's favourite fruit and it represented simplicity.

The system became so successful that demand soon outstripped both the capacity of Mr. Jobs' garage and their capital. Sensing that they were poised on the threshold of a new multi-million dollar industry they sought professional managers who could put the company on a firm business footing.

As Steven Jobs said: "A lot of things which are done in the computer industry are based on gut feel with the hope of success." Their first recruit was Mr. Mike Markkula, now chairman of the board, who was impressed with Apple's philosophy of "We want the technology to serve the people, not people to serve the technology."

Under Mr Markkula's guidance the company expects sales to reach $75m this year with over 100,000 of its Apple computers being sold worldwide, an estimated 10,000 in the UK.

Its headquarters are in Cupertino in the heat of California's Silicon Valley with more than 450 service centres for Apple products.

Recently the company announced that it was setting up a factory in Cork, to assemble computers in Southern Ireland for the European market. It will be operational by the end of the year and will eventually employ 150.

The Tandy Corporation which claims to be the largest seller of personal computers with nearly 200,000 sold, and a turnover of $1.2bn last year, already has a large world-wide network.

The roots of the Tandy Corporation go back to a small family owned leather goods and craft business in Forth Worth, Texas. But the major force behind the growth of the corporation was Mr. Charles Tandy, who died in 1978 at the age of 60 while taking an afternoon nap.

In 1963 Tandy bought Radio Shack, then a Boston company with nine shops and a mail order business for radio and hi-fi. It had a turnover of $12m and was generally considered to be on the decline.

Computer programmer Antonia Salmon, aged four, frets when her PET is ill.

In 15 years Radio Shack was turned into one of the most profitable companies in the U.S. with a chain of over 7,000 stores world-wide, about 160 of which are in the UK.

In 1977 the company's profits dropped by 4.2 per cent due to the partial collapse of the Citizen's Band radio market which had been a craze in the U.S. Tandy was looking for an idea to replace CB radio when one of the company's engineers, Mr Donald French, showed Tandy the computer he had built in his spare time.

Mr Charles Tandy was so impressed that he ordered a prototype to be constructed. Even before this was completed, in June 1977 a production order for 3,000 was made with the idea that even if customers did not want the computers, Radio Shack stores would use them for inventory control.

The basic system was priced at $600; a later improved version sold for $900. Sales took off at a startling rate with advertising initially aimed at the home computer hobbyist. The company soon changed its emphasis to small business users when it became apparent that the bulk of sales were to this sector.

Allowing potential customers to see that the computer is a friend rather than a threat is a policy which has been taken up by most small computer manufacturers including Commodore, the U.S. digital watch and calculator maker.

It has called its range of computers PETs to show that a computer can be a faithful servant eager to please. Little Antonia has given her PET a personality of its own: She calls it "he" and fretted when it malfunctioned and had to be sent back to the manufacturers for repair.

"He was ill," she said, "because one of his chips was bad." While businessmen who buy the bulk of small computers (which most people insist on calling personal computers to indicate their low price) should not be expected to show such affection for their machines, it does indicate that the attitude that computers are best left to experts is quickly changing.

More than half the computers sold by Commodore are for businessmen who have had no previous computer experience. About 18,000 PETs have been sold in the UK of which only 10 per cent have been for the purely hobby market.

Commodore is one of the survivors of the battle to sell calculators in the mid-1970s when price-cutting wars put many companies out of business. As one of the first to sell calculators the company believes that the strategy for the personal computer industry should be "to price computers as inexpensively as possible so as to reduce the potential of competition at the outset."

Commodore's sales manager in the UK, Mr. Keith Hall, says that his company sells about 25 per cent of its PETs to the education market, and figures from Mr. Markkula at Apple shows that this market is of growing importance. (Apple set up an education foundation in the U.S. as a non-profit making organisation. The aim is to support and develop new methods of learning through the use of small computers.)

### The idea that computers are only for experts is quickly changing

What do people actually do with personal computers? A large number of computer programs has been written for these type of machines. Some are sold by the manufacturers, others by specialist companies, and even more by the host of computer magazines which have started publishing to serve the fans in Britain and the U.S.

Business programs carry out simple stock control, appointment scheduling, wage and tax calculations and even word processing. In education they provide programmed learning or are used as an introduction to computers and the "languages" needed to operate them.

Hobbyists enthuse over computer chess, build computers into robots, generate computer music and control heating and air-conditioning by computers. True hobbyists will almost certainly remain a relatively small select group rather like amateur radio enthusiasts. They will be content to develop games programs and exchange information between fellow enthusiasts.

Most manufacturers admit that the true home computer capable of wide application in homes will not emerge, if at all, for another five to ten years.

The logical development would be a single microcomputer to run all the basic systems of the home-heating, lighting, cooking, air conditioning and water supply—in fact a home management system. It could be connected to the telephone network for remote programming and the system might be linked into an answering machine to list the calls made or transfer them to another number. Other functions could include the ability to calculate the family's expenses and tax, keep lists of addresses and telephone numbers and a diary of events.

Already several manufacturers have designed machines which can be connected to Prestel the British Post Office's information system via the public telephone line.

It seems likely that people will eventually accept microcomputers in the home without being surprised or excited by the technology—just as today they turn on the television to watch a soccer match taking place on the far side of the world without wondering at the expertise needed to perform such a feat.

# Letters to the Editor

## Energy charges and steel

*From the Chairman Cooper Industries*

Sir,—I write as an independent steel producer making steel by the electric furnace process and I read with considerable interest the article by Rhys David of July 2. There is no doubt that British Steel Corporation along with other private steel makers such as ourselves, have every cause to complain.

We are all suffering from lack of orders, mostly as a result of cheap imports and, although I can guarantee that our operation is at least as efficient as in any other plant in the world, we face these excessive energy charges—electricity alone giving our European producers a price advantage of around £8 per tonne over us.

I disagree that energy costs are a relatively small proportion of production costs; apart from raw material, it is in fact the biggest cost per tonne—even more than wages.

Apart from energy price advantages, certain Europeans also benefit from cheap money being available, interest charges being fixed at at least half the current rates, and if we could have the benefits that other Europeans have, we could reduce our prices by around 10 per cent which would make us more competitive with imports and, of course, would be of advantage to our customers.

I should emphasise that we are not asking for subsidies but a better cost related charge that would enable us to compete with other manufacturers who obtain this favoured treatment.

Charles Cooper.
*2 Castle Hill,*
*Dudley,*
*West Midlands.*

## Transport in London

*From the Leader, Greater London Council*

Sir,—Professor Hall (July 2) on London Transport's problems is likely to mislead your readers.

On LT's own figures, of every eight bus miles lost only one is due to traffic congesion. Put another way, if all London's other traffic, essential or not, were banned from the roads only 1 per cent more bus miles would be run.

There is indeed an acute shortage of traffic wardens; but since the Greater London Council is not responsible for the warden service the shortage is scarcely our fault. We have asked that steps be taken to clamp-down on illegal parking, but we cannot compel it.

His other points are of mixed value. Certainly a passenger transport authority for London might be an improvement—but given that the British Rail commuter network goes well beyond London's boundaries the first problem is going to be defining the area in which a PTA would operate.

He is back on the old track of taxing motorists for the privilege of entering Central London and cites Singapore as a successful example. Quite apart from the very basic question of personal freedom which is involved, I have never seen any evidence that such a scheme is desirable in London, let alone workable. By and large, people drive into London because they have to, not because they merely feel like a day out. As ever, the cordon scheme means an army of bureaucrats costing more to employ and administer than they raise in revenue.

*(Sir) Horace Cutler.*
*County Hall, SE1.*

## Orchestra tours

*From the Controller, Music, BBC.*

Sir, — Mr. Pirouet is rather subjective (June 28) in dealing with our arguments, and he is clearly quite determined to damn us, whatever the facts in our case. I will therefore comment on only one of his strictures — his reference to "expensive foreign tours by the Symphony Orchestra with minimal broadcasting." He really must accept my assurance that when any our our symphony orchestras travels abroad all its expenses are met by the promoter, ie, not a penny of our licence income is spent overseas. What is more, the orchestras almost always broadcast more often than when they are at home.

May I add that he would be welcome at any time to come and argue his case here with me and my colleagues. Your readers might be glad of this.

Robert Ponsonby.
*BBC, Yalding House,*
*156, Great Portland Street, W11.*

## Own-share buying

*From the Chairman, Association of Investment Trust Companies*

Sir,—The consultative document "The purchase by a company of its own shares" (July 2) makes disappointing reading for investment trust companies, which Professor Gower suggests should be expressly excluded from participating in any change in legislation arising from this Green Paper.

The reasons why an investment trust company should be singled out as a special case are unclear and there appears to be confusion between an open-ended fund and a closed-end investment company with a limited power to purchase its own shares. This association will be making representations in due course to the Department of Trade with a view to securing the removal of this unfair discrimination against its members.

John R. Storar
*Park House (6th Floor),*
*16 Finsbury Circus, EC2*

## Pensioners penalised

*From the Secretary General, Council of Post Office Unions.*

Sir,—You argue that people who retire on an occupational pension should not be able to claim unemployment pay (Management Page, June 30).

People who have an occupational pension have paid for it, either by deduction of contributions from their pay or (as in the case of the civil service) by receiving less than the appropriate rate of pay during their working life. They are in exactly the same position as people who have saved their money in some other way. If the argument against that proposition is tax advantage, then investors in insurance companies and building societies are similarly placed; why are people who choose to invest in pension schemes to be discriminated against?

Most of such people will have contributed towards unemployment benefit, among other benefits. Providing that they are properly qualified by their contribution record and are genuinely seeking employment, why should they not draw the benefit? Many such people, in making the often complicated personal calculations leading up to retirement, must have taken this benefit into account, in deciding, for interest, whether to exercise an option to stay in their present employment or to utilise their experience elsewhere (the latter option, until a year or two ago, would have been regarded as being in the national interest).

That people who have been thrifty (and who, as a generality, must have made a less than average call upon social security funds) should now be penalised by the Government's proposals in clause 5 of the Social Security (No. 2) Bill is quite deplorable.

Post Office unions have played a major part in previous campaigns against similar proposals and I have a letter on file from one Patrick Jenkin MP congratulating us on our efforts.

Not surprisingly, in the circumstances, as Secretary of State he declined to meet a deputation from the Post Office trade unions—the only Minister who has ever refused to meet a trade union deputation in my 25 years experience as a full-time officer.

It is not my habit to abuse governments in my professional capacity but in this instance I can think of only one word for what Government is about — theft.

Anthony Carter,
*11-12 Maiden Lane, WC2.*

## Trading on Sunday

*From the General Secretary, National Federation of Meat Traders.*

Sir,—The views expressed by Mr. Mitchell of the National Consumer Council (July 1) are contested by our Federation.

Mr. Mitchell says that a significant minority would visit food shops if they opened on Sundays. This would lead to a spreading rather than an increase in turnover. Costs in the form of higher overtime premia and overheads, would rise alarmingly and have to be passed on in the form of higher prices. Is this what consumers want?

In addition, proprietors who wished to remain shut on Sundays would not be "free" to do so since they would naturally be anxious to retain their market share. Why should they be pressured in this way? Independent businessmen are under enough pressure already and they and their families should be allowed the same opportunities to relax as other members of the public.

The 1950 Shops Act clearly and specifically prohibits the sale by retail of butchers' meat on Sunday. As far as we are concerned, the law is not "riddled with anomalies" but easily understood and justified, and should continue to be properly enforced.

*J. E. Fuller.*
*29 Linkfield Lane,*
*Redhill, Surrey.*

## The top ten Greek owners

*From the Chairman, London and Overseas Freighters*

Sir,—I read with interest William Hall's article (June 24) speculating on the possible effects upon Greek shipping of the entry of Greece into the Common Market. While I do not share his pessimism, the article certainly brings out a number of important considerations.

My main purpose in writing to you is to point out that it is incorrect to include the ships owned by this company under the heading of "The top ten Greek owners" as being part of the fleets owned by various members of my family. London and Overseas Freighters has been a British public company since its formation over 30 years ago and its shares are listed on the London Stock Exchange. While it is true that my family have substantial interests in LOF, it is certainly incorrect to attribute ownership of the company to my family in the context of such an article.

Manuel E. Kulukundis,
*8 Balfour Place, W.1.*

## Unemployment and unions

*From Mr. M. Clear*

Sir, — Samuel Brittan's interesting Lombard article on the unemployed (June 30) leads me to expand on one aspect of the problem which he touches on already.

He states that public service unions might oppose the idea of useful work for unemployed people because it would reduce the pain of expenditure curbs and lessen pressures for their restoration, but that they would not be able to block the idea in the present climate of public opinion if the government departments concerned were prepared to push it through.

I believe Mr. Brittan's idea could be acceptable to union leaders if they were given some room to put up their own suggested ideas. Further, I believe that union leaders would be able to suggest their own scheme to get over the short term unemployment of young people in industry which would allow their recruitment with suitable undertakings from employers not to endanger the agreed wage structure in the medium and long term.

Mr. Brittan is to be congratulated for again embarking upon this vital subject of unemployment.

Michael Clear.
*4 Homefield Lane,*
*Rothley, Leicester.*

# Today's Events

**GENERAL**

UK: National Union of Mineworkers anual conference continues, Eastbourne (to July 11).

Duke of Kent, British Overseas Trade Board vice-chairman, visits three main factories of Northern Engineering Industries, Tyne and Wear.

Mr. Francis Pym, Defence Secretary, presents Sword of Peace awards, Cutlers Hall, Warwick Lane, EC4.

Mr. Keith Speed, Navy Parliamentary Secretary, visits RNAS, Culdrose.

Society of Local Authority Chief Executives annual conference opens, Peebles (to July 11).

Great Yorkshire Agricultural Show opens. Harrogate (to July 10).

International Musical Eisteddfod opens, Llangollen (to July 10).

*Overseas:* Final day of Arab Foreign and Economic Ministers meeting, Amman.

President Valery Giscard d'Estaing of France continues official visit to Bonn (to July 11).

Talks begin on rescheduling part of Turkey's foreign debt, Paris.

European Parliament in session, Strasbourg (to July 11).

**PARLIAMENTARY BUSINESS**

**House of Commons:** Local Government Planning and Land (No. 2) Bill, remaining stages.

**House of Lords:** Employment Bill, report stage.

**Select Committees:** Defence, on D-Notice system. Witnesses: BBC; IBA; Granada TV. Room 8, 10.30 am. Environment, on council house sales. Witness: Environment Department. Room 16, 4.15 pm. Ombudsman, on jurisdiction of Ombudsman on contractual and commercial matters. Witnesses: Mr. Nigel Lawson, Financial Secretary to the Treasury. Lord Trenchard, Minister of State for Industry. Room 7, 5 pm.

**OFFICIAL STATISTICS**

UK banks' eligible liabilities reserve assets, reserve ratios, and special deposits (mid-June). Provisional figures of vehicle production (June). London clearing banks' monthly statement (mid-June).

**COMPANY MEETINGS**

A. F. Bulgin, By Pass Road, Barking, Essex, 3. Estates and Agency, Hotel Bristol, Berkeley Street, W, 12. Helical Bar, Institute of Chartered Accountants, Moorgate Place, EC, 2.30. London and Overseas Freighters, Baltic Exchange, 14 St. Mary Axe, EC, 11. Young's Brewery, West Centre Hotel, Lillie Road, Fulham, SW, 12.

# Assoc. Leisure finishes year ahead at £5.3m

DESPITE a slight fall in the second half, from £2.12m to £2.09m, Associated Leisure, amusement machine group, finished the March 16, 1980 year ahead at £5.3m, compared with £4.97m for the previous 53 weeks.

Turnover of the group, which also operates hotels and leisure centres, expanded from £29.12m to £35.31m.

| | 1979-80 £000 | 1978-79 £000 |
|---|---|---|
| Turnover | 35,308 | 29,123 |
| Amusement machin | 27,220 | 22,511 |
| Hotels, leisure etc | 7,977 | 6,520 |
| Prop. investment | 121 | 107 |
| Profit | 5,516 | 5,225 |
| Amusement | 4,203 | 4,177 |
| Hotels | 1,212 | 972 |
| Prop. investment | 101 | 76 |
| Interest | 212 | 260 |
| Pre-tax profits | 5,303 | 4,965 |
| Tax | 1,519 | 1,771 |
| Minorities | 40 | 31 |
| Extraord. debit | 38 | — |
| Attributable | 3,706 | 3,162 |
| Dividends | 1,335 | 1,112 |
| Retained | 2,371 | 2,050 |

Earnings per 5p share are shown as 14.31p, against 12.08p, and the dividend is increased to 5.1p (4.25p) net with a final payment of 3.3p.

Despite the VAT increase and the impact of severe inflation on all costs, especially transport, the amusement machine division improved its profits, from £4.18m to £4.2m.

Following the formation of the hotels and entertainments sector last March, results of these activities are now combined, the directors state—profits were up from £973,000 to £1.21m.

After tax of £1.52m (£1.77m), minorities £40,000 (£31,000) and an extraordinary debit of £38,000, the attributable balance came out at £3.71m compared with £3.16m.

## ● comment

At the interim, Associated Leisure foresaw no further deterioration from its 13 per cent pre-tax profit growth rate. In the event, second half profit actually declined by 1 per cent on a 22 per cent turnover increase. The main causes seem to be the resistance of financially squeezed brewers to rental increases on amusement machines in their houses and the unexpectedly fast rise in the costs of running the group's large fleet of vehicles to service the machines. Associated also spent more than usual last year on new office premises, adding £200,000 to current costs for refurbishing and pushing borrowings up to 37 per cent of shareholders' funds. The 20 per cent increase in the final dividend may reflect confidence in a significant improvement during the current year but it is difficult to see from where this will come. Turnover growth, although high, has been easing, the hotel and leisure side is feeling the pinch and the authorisation of the 50p coin in fruit machines is at least six months away. At 99p, unchanged yesterday, the shares trade at about three times cash flow and under seven times stated earnings on a 29 per cent tax charge, which suggests that investors do not harbour great expectations.

## HIGHLIGHTS

Lex looks at the various aspects of the £400m plus deal whereby **BP** is buying **Selection Trust** on terms which involve share and cash alternatives. There are also important consequences for **Charter Consolidated**, a large holder in Selection Trust, and the company may do certain deals with BP. The changed tax position of TV rental companies was highlighted by the annual report of **Electronic Rentals** and Lex considers the company's new tax treatment. Finally Lex examines a number of statistical indicators published yesterday which point to a deepening recession and an easing in inflation. On the inside pages **Associated Leisure's** second half was worse than expected and the figures from **May and Hassell** and **Heywood Williams** also come in for comment.

# Heywood Williams passes £1m but result is disappointing

INCREASED pre-tax profits of £1.04m have been achieved by the Heywood Williams building materials group for the year ended April 30, 1980 but show only a slight rise over the previous year's record £1.03m, mainly due to increased interest of £604,000 against £256,000.

The final dividend is 2.8p lifting the year's total from 3.455p to 4.9p. However, stated earnings per share are down from 13p to 10.9p principally because of the equity issue in November to acquire F.P.A. Construction Group.

Operating profit in the UK helped by the F.P.A. acquisition, which contributed £208,000, amounted to £1.7m, ahead of last year by 51.8 per cent, itself a group record.

In view of the difficult trading conditions experienced throughout the year and particularly in the last quarter which is historically the most profitable, the directors consider the UK results to be satisfactory despite earlier indications of a better performance.

It is regrettable that, principally as a result of disappointing figures from U.S. activities, the forecast of profit "in excess of last year's £1.03m" excluding F.P.A., was not met, the comparable figure being £878,000.

Assets per share have risen by 7 per cent to 74p. When the debenture stock amounting to £218,000 has been paid off in October, 1980, the only UK finance other than shareholders' equity will be provided by bank overdrafts and leasing commitments as shown on the balance sheet. The Board is thus giving consideration to raising medium-term bank finance to reduce overdrafts.

The group's accounting date is to be changed from April to December and the next accounts will be for eight months to December 31.

## ● comment

Rarely has an earnings per share increase been so categorically forecast as in last year's Heywood Williams accounts. As it is, post profits have fallen despite a £208,000 operating profit contribution from the FPA acquisition. The U.S. division swung heavily into loss and may well be sold piecemeal or closed down, but the main problem was a dramatic fall in orders during the last two months of the year—traditionally the group's best period. Heywood was left with embarrassing stock levels, which helped to double year-end borrowings. The company is now making a profit again after that two month trauma but, in view of the heavy gearing and light order levels, prospects for the year are distinctly bleak. Understandably, no forecast is being made and virtually the only bright point is a £3m tax loss to be carried forward. On stated earnings, the share price of 72p offers a multiple of 6.3. The yield is around 10 per cent.

# G. Wimpey chairman is optimistic

George Wimpey chairman, Mr. R. B. Smith, said at the AGM that he was hopeful group profits before tax for the year will exceed the £47.27m achieved in 1979.

Looking further ahead he felt 1981 could prove to be a difficult year, but the construction engineering group was not pessimistic and continued to strengthen the base of its activities.

He said that sales of private houses held up surprisingly well in the first five months of the year but, as expected, there was a substantial drop in June which he feared would continue.

# Second half surge puts May & Hassell over £1.8m

SECOND-HALF pre-tax profits of May and Hassell, timber importer, soared from £381,000 to £988,000 and resulted in the figures for the full year to March 31, 1980, advancing from £924,000 to £1.84m. Turnover improved from £50.88m to £61.37m.

The pre-tax profit was struck after associates losses of £169,000 (£432,000).

There was a tax credit of £126,000 (£778,000) and attributable profits amounted to £2.08m (£1.81m) after extraordinary credits of £178,000 compared with £52,000 and minorities of £60,000 (credit £53,000). Profits retained are up from £1.53m to £1.75m.

Stated earnings per 25p share are shown as 27p (24.8p), and the final dividend of 3.3p increases the total from 3.848p to 4.6p.

The directors say it is their aim to attain a reduction in stockholding levels which, while not being detrimental to trading, will lower financial gearing. Present conditions are such that it is more than usually difficult to give a forecast on trading, although they cannot foresee profits for the current year, matching those of 1979-80.

## ● comment

The particular nature of the softwood wholesaling trade almost always makes for high borrowings but May and Hassell's interest bill of £2.5m clearly still weighs heavily on the level of profit (before associate losses) and pinpoints the need for inventory cutting. The dull outlook for timber demand, and thus prices, is clearly going to be helpful. May's current buying commitments are only 25-30 per cent of their level 12 months ago and, while the group will obviously have to top up later in the year, the recession provides an opportunity to pull a useful proportion of cash out of working capital. The chance may then be available to reinvest by diversified acquisition to boost what has been a lamentable track record since the 1974 profits peak and a below average return on capital. (Funds employed in the last published balance sheet amounted to over £33m.) It may fairly be said that intermittent losses in various subsidiaries and, more importantly, the persistent failure of the Hallam associate shoulder most of the blame for the flat performance but it is also true that various quoted rivals have grafted on a far higher degree of added value than May to an essentially volatile, low margin business. The best that can be said at this stage is that lower prices should enhance current cost earnings. The capitalisation of £6m is more than a £10m discount to net worth and the troublesome overseas interests and the associate at last seem to be coming right. As it is, a yield of 8.1 per cent and a fully taxed p/e of 6.3 have no immediate attraction at 84p.

## WORMALDS TALKS DISCONTINUED

The preliminary discussions between **Wormalds, Walker and Atkinson** and **Joseph Newsome and Sons** have been discontinued. It was considered after investigation that a merger was not in the best interests of either the employees or the shareholders of Wormalds.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Assd. Leisure | 3.3 | — | 2.75 | 5.1 | 4.25 |
| Colmore Invest. | Nil | — | 1.4 | 1 | 2.4 |
| ‡F.S. Development | 25 | — | 10 | 35 | 15 |
| Heywood Williams | 2.8 | — | 2.45 | 4.9 | 3.46 |
| May and Hassell | 3.3 | Aug. 18 | 2.8 | 4.6 | 3.85 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

# £2.25m shortfall at Union International

HIT HARD by higher depreciation and interest 1979 taxable profits of Union International Company, which encompasses the Vestey meat interests, fell from £12.17m to £9.92m. However, the chairman believes that recovery and growth will be resumed after 1980.

He says that business generally is better overseas than at home. But in New Zealand for the immediate future the company faces high loan interest and repayments following the company's substantial modernisation programme, of which the major part is now completed. The benefits of this investment will become apparent in the years ahead, he adds.

Taxable profits were struck after interest and depreciation of £26.85m (£21.21m) and included share of associated profits amounting to £2.65m (£2.05m). With tax taking £1.69m against £3.06m, the attributable balance came through at £7.97m compared with £9.1m. The dividend is held at 10.5p.

# Winding up orders for 39 companies

Compulsory winding-up orders against 39 companies were made in the High Court yesterday. They were:

Commercial Repair Services, Mount Plant, Leisure Pontypridd, N. and P. Exhibitions, Holoway Motor Cycles, Redgewood and Carrolls Restaurant.

Layfield Properties, M.A.C. Builders (Bishop's Waltham), Tanbind, Wheatleys (Wholesale and Retail Distributors), Engfruit and Arthur Smith Plant Hire (Medway).

Celluloid Despatch Services, Doreen's (Tredegar), Enfield Mechanical Engineers, Engalloy Mechanical Handling, Executive Decor, and G.C. Merchants (Jewellery).

John Roberts Advertising, Lewis Technical (Drawing Office Supplies), L. Wooldridge, and Lindo Paints.

Melkarn, Mini Mix Concrete, Pennington Associates (Business Consultants), Saventon, Moss Graphic Equipment, Samuel Inns, and Clabcrest.

Television Systems and Research, Plantpool (International), Mercury (Motor Vehicle Hire), Pentagon and Three Tiers Developments, Malcolm Feld Management, Alan Nichols Building, Lynch and Linda Company, Stratford Freight Services, and Independent Magazines.

Compulsory winding-up orders, made on June 30, against Tattons (Congleton) and Lorry Mounted Tower Cranes were rescinded and the petitions dismissed by consent.

# Closure costs for Scott and Robertson

The cost to **Scott and Robertson** of closing Tay Textiles and *most of the Bower works*, together with rationalisation of the remaining spinning and weaving units, would be heavy and would seriously affect results in the short term, shareholders were told at the annual meeting.

But in the long term the board felt this divestment would, through a substantial capital release, enable the continuation of investment in sectors with promising growth potential. This would allow the group to come out of the recession with a healthy base and good growth prospects.

## STRONGMEAD ADDS TO LAGANVALE

Mr. Jim Slater and his property company Strongmead have added to their stake in Laganvale Estate, the small Northern Ireland based property company.

Through an investment subsidiary Strongmead has acquired a further 125,000 ordinary shares taking its holding up to 975,000 —16.24 per cent of the equity. Through his connection with Strongmead, Mr. Slater has an interest in the same holding.

## SPAIN

| July 4 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 228 | |
| Banco Central | 253 | −2 |
| Banco Exterior | 212 | |
| Banco Hispano | 228 | −2 |
| Banco Ind. Cat. | 120 | |
| Banco Madrid | 141 | |
| Banco Santander | 280 | −1 |
| Banco Urquijo | 156 | −3 |
| Banco Vizcaya | 237 | |
| Banco Zaragoza | 206 | +4 |
| Dragados | 81 | |
| Espanola Zinc | 60 | |
| Fecsa | 59.2 | −0.8 |
| Gal. Preciados | 25 | |
| Hidrola | 65 | −1.5 |
| Iberduero | 61 | +0.8 |
| Petroleos | 107 | −0.2 |
| Petroliber | 87 | |
| Sogefisa | 107 | |
| Telefonica | 62 | +0.5 |
| Union Elect. | 64.5 | −0.5 |

# Slight rise at Esso Chemical

PRE-TAX profits of £13.7m were achieved last year by Esso Chemical compared with £13.2m in 1978, but the directors describe the 4 per cent rise in profits as disappointing and blame major cost increases in fuel and raw materials for the poor result.

Turnover rose by 45 per cent from £166m to £240m and sales volumes increased by 10 per cent. Exports—which accounted for 37 per cent of total sales—went up by 51 per cent from £58m to £88m.

Mr. David Smith, chairman, says in the annual report that the results "clearly highlight our inability to fully recover cost increases in our selling prices." He adds that the figures "would have been even less satisfactory but for significant gains in operating efficiency."

Mr. Smith also says that in current cost accounting terms—on the basis of the most recent proposals—there would have been not a profit of £13.7m but a loss of £0.3m, although "this probably understates real profitability to a certain extent."

He goes on to pinpoint the shortage of high quality engineering and science graduates seeking a future in industry as "one of the biggest difficulties facing Esso Chemical in the immediate future.

"The climate over the past few years has been one in which both qualifications and participation in industry have been devalued and denigrated." Mr. Smith says. "To bring the best brains and talents *into* industry it is essential that the status and remuneration of those in the wealth creating part of our economy be enhanced vis-à-vis those in the non-wealth creating areas."

Esso Chemical said its own pay policy for engineers was geared to keeping the company "among the leaders" in the chemical industry.

# Good start by Allied Breweries

A PROMISING start has been made by Allied Breweries to the current year and in his annual statement Mr. Keith Showering, chairman, expresses confidence that this good progress can be maintained.

He reports that the company's reorganisation has proceeded satisfactorily. The three divisions are working harmoniously and efficiently and progress has been made with the policy of devolving into smaller trading units with a high degree of local autonomy coupled with strong central financial control.

"We have created a group of very considerable size, while actively working to maintain employee and customer loyalty to particular companies and brand names," says Mr. Showering.

As this process develops, he expects to see a continuing improvement in working relationships and—consequently—in efficiency and profitability.

## EUROPEAN OPTIONS EXCHANGE

| Series | | July Vol. | July Last | Oct. Vol. | Oct. Last | Jan. Vol. | Jan. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| AKZ C | F.22.50 | 5 | 1 | — | — | 5 | 3 | F.23.20 |
| AKZ C | F.25 | — | — | — | — | 4 | 1.30 | ,, |
| AKZ C | F.27.50 | — | — | 27 | 0.40 | — | — | ,, |
| EK C | $50 | — | — | 10 | 9¼ | — | — | $58⅝ |
| EK C | $60 | 11 | ⅝ | — | — | — | — | ,, |
| HEI C | F.50 | 20 | 0.50 | 15 | 2.20 | — | — | F.56.80 |
| HEI P | F.70 | — | — | 1 | 16 | — | — | ,, |
| HO C | F.17.50 | 41 | 0.90 | 5 | 1.50 | 40 | 2.50 | F.17.80 |
| HO C | F.20 | — | — | 10 | 0.50 | — | — | ,, |
| IBM C | $55 | 10 | 6⅝ | 1 | 7 | — | — | $61⅛ |
| IBM C | $60 | 31 | 1⅜ | 2 | 4 | 20 | 5¼ | ,, |
| KLM C | F.60 | 6 | 2.80 | 20 | 5.20 | — | — | F.62.50 |
| KLM C | F.70 | — | — | 8 | 2 | 10 | 3.30 | ,, |
| KLM C | F.80 | 70 | 0.10 | — | — | — | — | ,, |
| KLM P | F.60 | 1 | 0.90 | — | — | — | — | ,, |
| KLM P | F.70 | 22 | 7.50 | — | — | — | — | ,, |
| NAT C | F.104.50 | 2 | 6.50 | — | — | — | — | F.110.50 |
| NAT C | F.109.10 | 2 | 3 | 2 | 5 | — | — | ,, |
| NN C | F.100 | — | — | 15 | 11 | — | — | ,, |
| NN C | F.110 | 5 | 1.30 | 14 | 4.10 | — | — | ,, |
| NN C | F.120 | — | — | — | — | 10 | 2.80 | ,, |
| PHI C | F.17.50 | — | — | 10 | 1.20 | 44 | 1.70 | F.18 |
| PHI C | F.20 | — | — | 10 | 0.30 | 20 | 0.50 | ,, |
| PHI P | F.17.50 | — | — | — | — | 20 | 0.70 | ,, |
| PHI P | F.20 | 10 | 1.70 | — | — | — | — | ,, |
| PRD C | $25 | 4 | ⅜ | 4 | 1⅝ | 5 | 2⅜ | $24¼ |
| RD C | F.150 | 28 | 17 | 18 | 17.90 | — | — | F.167.10 |
| RD C | F.160 | 131 | 7 | 60 | 9.60 | 8 | 11.70 | ,, |
| RD C | F.170 | 145 | 0.70 | 26 | 3.60 | 1 | 5.30 | ,, |
| RD P | F.150 | — | — | 4 | 1.50 | 10 | 3 | ,, |
| RD P | F.160 | 20 | 0.20 | 6 | 4.30 | 5 | 6.30 | ,, |
| RD P | F.170 | 3 | 3.40 | — | — | — | — | ,, |
| UNI C | F.105 | 10 | 15.50 | 10 | 16.70 | — | — | F.120.10 |
| UNI C | F.110 | — | — | — | — | 7 | 11.80 | ,, |
| UNI C | F.115 | 66 | 5 | 10 | 7.10 | — | — | ,, |
| UNI C | F.120 | 39 | 1 | 12 | 3 | — | — | ,, |
| UNI C | F.125 | 10 | 0.20 | — | — | — | — | ,, |
| XON C | $60 | 9 | 9 | — | — | 5 | 9¾ | $68⅞ |
| XON C | $70 | — | — | — | — | 5 | 3¾ | ,, |
| | | Aug. | | Nov. | | Feb. | | |
| SLB C | $100 | — | — | — | — | 20 | 22¼ | $117⅛ |
| SLB C | $110 | 41 | 9⅛ | 60 | 13⅛ | — | — | ,, |
| SLB C | $120 | — | — | — | — | 55 | 10¼ | ,, |
| VW C | DM.170 | — | — | 2 | 7.50 | — | — | DM174.90 |
| VW C | DM.180 | — | — | 3 | 4.70 | — | — | ,, |

TOTAL VOLUME IN CONTRACTS 1593

C=Call P=Put

# Beecham confident of recovering momentum

DESPITE the difficult short-term outlook for the pharmaceutical industry, the Beecham Group is well equipped to deal with those problems it can control and there is no doubt it will recover its momentum, Sir Graham Wilkins, chairman, tells shareholders.

Most important is that research and development remains highly productive and new products are more numerous and varied than any time in the past, the chairman adds.

Research and development last year was a record and of the £35.1m spent, the lion's share was devoted to pharmaceuticals.

Group profits before tax for the year ended March 31, 1980 were down from £144m to £136.8m on sales of £1.03bn against £923m. The chairman estimates that if exchange rates had remained stable throughout the year, pre-tax profit would have been at least £7m higher.

On advance corporation tax, Sir Graham says this tax penalises British companies such as Beechams which have large overseas earnings and also invest heavily in the UK.

A re-examination of the UK corporate tax structure is taking place "and we obviously hope that one of its results will be the removal of this anomaly.

"If, however, nothing of value emerges from any of this activity, we shall have to find another way of correcting an increasingly intolerable situation. We are simply not prepared to continue being treated less favourably than companies whose UK investment and overseas earnings are relatively smaller than our own," the chairman states.

An analysis shows that pharmaceuticals, animal health and nutritional products contributed £323m (£324.6m) to sales and £70.1m (£90.6m) to trading profit and consumer products £705.4m (£598.5m) and £64.8m (£55.8m).

Consumer products were again extremely buoyant in the year with the major event being the establishment of Aquafresh toothpaste as a major brand in the U.S., the chairman states.

Capital expenditure, after deducting sales and excluding aquisitions, amounted to £57.4m of which £25.9m related to pharmaceuticals, animal health and nutritional p roducts and £31.5m to consumer products.

Expenditure was incurred as to £36.1m (£28.9m) in the UK, £9.2m (£6.6m) in Western Europe, £6.3m (£9.6m) in North and South America, £5m (£2.5m) in Asia and Australasia and £0.9m (£0.7m) in other areas.

The accounts also show emoluments of the chairman at £103,192 (£89,126) with two directors in the range of £90,000 to £95,000. Meeting, Hotel Inter-Continental, Hyde Park, W, July 30 at noon.

# Severe losses for Colmore

A PRE-TAX LOSS of £145,760 compared with profits of £227,844 is reported by Colmore Investments, distributor of motor vehicles and hire purchase finance, for the year to March 31, 1980. At halfway there was a profit of £107,000 against £92,000. Turnover improved from £15.87m to £17.6m.

There was a tax charge of £41,143 (£40,284) which resulted in a loss of £186,903 (profit £187,560). There is a loss per 25p share of 4.67p against earnings of 4.69p, and there is no final dividend — the total is 1p against last year's 2.4p when a final of 1.4p was paid.

# Price fall puts brake on Barlow

PROFITS from the estates controlled by Barlow Holdings, the new group formed with the merger of the Bradwall, Chersonese and Sungei Krian Estates and the Muar River Rubber Company, will probably be lower than those achieved last year, says Mr. John K. Barlow, the chairman.

Crop in general is expected to be rather better this year, and the rubber crop harvested in the first five months is similar to that for the corresponding period last year. But the price has already fallen from 71.5p per kilo to 63p and further falls are expected.

The output of palm oils and kernels during the first five months was 22 per cent higher, but again there has been a drop in prices and in the first half these have fallen from U.S.$622 to $570 per tonne.

Cocoa has been drastically reduced at M$5,850 to M$4,500 per tonne. There is a large amount of cocoa which is being sold from the 1979-80 Ivory Coast and Brazilian crops, so prices may go lower before they steady.

The company is now starting to maximise the potential of the land that it owns in East Malaysia and has already agreed upon a plan designed to achieve this objective.

It is planned to plant over 1,000 acres of cocoa and 1,400 acres of rubber during the next five years. This will involve the additional expenditure of M$4m.

As known, initial profits of the new group (including 12 months from Bradwall, Chersonese and Sungei Krian, and nine months from Muar River) amounted to £3.98m. Shareholders' funds total £38.79m. Cash and balances amount to £4.95m, and bank borrowings are at £205,023. Meeting, Plantation House, Mincing Lane, EC, July 29, 12.15 pm.

## BROWN AND JACKSON

Acceptances have been received as to 94.72 per cent of the shares offered in the one-for-three rights issue of Brown and Jackson at 115p a share. The remaining 176,000 shares have been sold in the market at a net premium of 5.03p a share for the benefit of shareholders who did not exercise their rights.

# Good start to year by Electronic Rentals

IN HIS annual statement, Mr. Maurice A. Fry, chairman of Electronic Rentals Group, says that after a somewhat disappointing year it is encouraging to be able to report that the current term, for which a substantial increase in profits is budgeted, has started well.

He says there are still problem areas but, "you may be assured that the group's executives are determined that any remaining problems are overcome."

As reported on June 6, after much higher interest of £12.69m (£5.19m), pre-tax profits for the year ended March 31, 1980, were down from £14.71m to £12.22m. Turnover expanded to £172.4m (£124m), and the dividend is effectively lifted to 4.3097p (£3.503p).

Mr. Fry says the principal reason for the group failing to reach its profit targets was that the cost reduction exercise, following the BRW integration, took longer than anticipated, and the savings that were achieved during the year were not sufficient to counter the general inflationary pressures.

The year was essentially one of consolidation, the chairman states, with little activity by way of acquisition or new investments. However, since March 31, there has been further progress in the overseas rental division, and in April the group purchased from Nedbank, Philips Pension Fund and Mr. R. Black, a director of the group, the capital of Visionhire Pty (South Africa) that it did not already own.

And, in May, Electronic purchased from Hutchison International the 60 per cent holding that company held in the television rental operations in Hong Kong and Singapore, thereby making them subsidiaries.

Mr. Fry says that there have been reductions in the group's labour force by way of voluntary redundancies, arising from the BRW acquisition and elsewhere by natural turnover.

A revaluation of freehold and long leasehold properties resulted in a £2.53m surplus over book value, which was credited to reserves.

Meeting, Howard Hotel, WC, on August 1 at noon.

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## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Anglo-American Securities Corporation, Investors Capital Trust, Lincroft Kilgour, Donald Macpherson.

Finals:—Avenue Close, Batleys of Yorkshire, Birmingham Mint, Bristol Evening Post, Bromsgrove Casting and Machinery, Equity Consort Investment Trust, Hollas, London and Midland Industries, McKay Securities, Rothmans International, United British Securities Trust, John Waddington, R. Kelvin Watson, F. Wrighton.

FUTURE DATES

Interims:—

| | |
|---|---|
| Bibby (J.) | Aug. 6 |
| Dreamland Elect. Appliances | Aug. 13 |
| East Daggafontein Mines | July 17 |
| General Funds Investment Trust | July 10 |
| Manchester Ship Canal | Aug. 11 |
| Mercantile Investment Trust | Aug. 12 |
| Murray Western Invest. Trust | Aug. 11 |
| Neil and Spencer | July 15 |
| S. African Land and Exploration | July 17 |
| Vaal Reefs Exploration & Mining | July 17 |
| Western Deep Levels | July 17 |

Finals:—

| | |
|---|---|
| Acrow | July 29 |
| Carclo Engineering | July 14 |
| Child Health Research Inv. Tst. | July 21 |
| Cook (William) (Sheffield) | †Aug. 1 |
| Danae Investment Trust | July 9 |
| Marling Industries | July 17 |
| Murray Northern Invest. Trust | July 14 |
| Russell (Alexander) | July 10 |
| Unigate | July 17 |

†Amended

## BUENOS AYRES TRAMWAYS

A further distribution by City of Buenos Ayres Tramways Co., the thirteenth in the liquidation of the company, will be made at the rate of 8.63p per share.

## W. WILLIAMS

At the AGM of W. Williams and Sons (Holdings) members were warned that the serious downturn in industry had critically affected production in the group and a period of non-profitable trading was envisaged.

# Bardon Hill climbs 62% at year-end

AN INCREASE of 62 per cent from £1.22m to £1.98m in pre tax profits is reported by the Bardon Hill Group, quarrier and civil engineer, for the year to March 31, 1980. Turnover advanced 22 per cent to £18.96m.

A net final dividend of 9p raises the total for the year to 13.5p compared with 9.5p in the previous year, an increase of 42 per cent.

The board proposes that the 3.5m authorised ordinary shares of £1 each be sub-divided in 7m ordinary of 50p each in order to encourage the wider holding of the company's shares, particularly among its employees. The company's shares are traded on the market made by M.J.H. Nightingale and Co.

Mr. J. Gregory Tom, the chairman, says his confidence in the long-term "is unshaken." In the present economic depression however, he says it would be over-optimistic of him to anticipate that the profits in the current year will continue to increase at the rate reflected in the accounts.

After tax up from £1.04m to £1.63m, and an extraordinary debit of £10,000 (£115,000), attributable profits came out at £1.64m (£928,000).

# MINING NEWS

## Seltrust offer is more than cash to Charter

BY KENNETH MARSTON, MINING EDITOR

IF IT succeeds—and the indications are that it will—the bid by **British Petroleum** for **Selection Trust**, in which London's **Charter Consolidated** has a stake of 25.7 per cent, will result in greater flexibility for the last-named finance house in its developing business in mining and industry.

As Mr. Neil Clarke, the Charter chairman, has already said, the bid which is worth over £100m to Charter, or about £1 per share, will not mean a change of direction for his company.

This is underlined by the fact that if the BP offer becomes unconditional there will be negotiations for the sale to Charter of the Selection Trust subsidiary, **Alexander Shand (Holdings)** while BP has agreed to enter into talks on a similar basis for the sale to Charter of participations in one or more of the BP North Sea oil interests. There is however, no commitment on such deals.

The Shand group covers a range of activities which include opencast coal mining, building, civil and mechanical engineering, plant hire, quarrying, sales and servicing of plant and mini-tunnelling. Last year the group contributed £6.5m to Selection Trust's operating profits from a turnover of £69.5m.

Of Shand's business, Mr. Clarke said yesterday: "We like the area it's in." It slots in, for example, with Charter's **Torque Tension** subsidiary which is a supplier of coal mine drilling equipment and the 28 per cent-owned **Anderson Strathclyde** mining equipment manufacturer.

The chance of Charter obtaining North Sea oil interests would raise the group's stakes in the energy field and, presumably, make a useful addition to revenue. It is also reasonable to assume that Charter will opt for a mix of cash and BP shares, thus further increasing its oil and gas interest.

At all events, Charter points out that the proposed acquisitions will only absorb a part of the consideration receivable for its holding in Selection Trust. Thus other acquisitions could be in store. Whether shareholders can hope that there will still be room for some form of "bonus" dividend for them seems a moot point in view of the extra tax problems this would create for the group.

### Further move in Malaysian tin merger

FURTHER ATTEMPTS to ensure a high level of acceptance for the terms of the proposed merger of six Malaysian tin companies into the largest tin producer in the world were made over the weekend.

Shareholders were told that the merger would create a company with a market capitalisation of around M$738m (almost £150m), the shares of which would be easily marketable, reports **Wong Sulong** in **Kuala Lumpur**.

The proposed deal involves the merger of **Southern Malayan Tin, Southern Kinta Tin, Kramat Tin Dredging, Lower Perak Tin** and **Bidor Malaya Tin** into an enlarged **Malayan Tin Dredging**. The companies together account for about 14 per cent of Malaysia's tin production.

The merger would allow common management of mines operating close to one another, and provide the protection that a wider spread of operations affords, shareholders were told.

In addition, single-dredge companies such as Kramat and Lower Perak would be protected from prolonged shutdowns, while the enlarged group would be better placed to deal with the Perak state authorities and undertake new ventures which could involve amounts of capital and levels of risk beyond the capacity of individual companies.

Independent share valuations carried out by New York's **Morgan Guaranty Trust** at the request of the six companies concerned show an appreciation of 13.9 per cent for Southern Malayan, 17.4 per cent for Southern Kinta, and as much as 124.7 per cent for Lower Perak. Kramat was downgraded by 40.8 per cent, while Bidor is not quoted. The valuations were based on the six months before the shares were suspended on May 14.

Assuming 100 per cent acceptance of the deal, **Malaysia Mining Corporation** will finish up with about 40 per cent of the enlarged Malayan Tin Dredging. **Pernas**, the Malaysian Government agency, owns 71 per cent of MMC, with the remainder held by Charter Consolidated of London.

### Sharp rise in second half lifts Freddies

A RISE of 125 per cent in second-half net profits has helped **Free State Development and Investment** ("Freddies") to net profits for the year ended June 30 of R1.71m (£945,000), almost double last year's figure of R854,000.

The company, a South African mining finance house of modest size within the **Johannesburg Consolidated** group, has lifted the dividend total for the year to 35 cents per share from last year's 15 cents with a final payment of 25 cents.

Income from listed investments has surged ahead to R1.63m compared with R763,000 for 1978/79, while royalties and share of net mining profits also performed strongly with a contribution of R172,000 aginst R39,000.

The market value of the company's listed investments, which include gold and platinum interests, moved ahead over the year to R27.15m from R12.95m.

### STEADY OUTPUT AT GOPENG

Malaysia's **Gopeng Consolidated** has managed to maintain output of tin concentrates during the nine months to the end of June at the levels achieved in the same period in 1978-9, when the mine produced 1,441½ tonnes of concentrates.

**Tanjong** has put on a good performance — the mine produced 123½ tonnes of concentrates in the six months to end-June compared with 89¾ tonnes in the same period last year.

## Erfdeel's gold possibilities

*AN ANNOUNCEMENT* is to be made as soon as possible regarding the discussions now going on between **Anglo American Corporation** and the **Lonrho** group's **Duiker Exploration** for the exploitation of what would amount to a new gold mine in South Africa's Orange Free State goldfield.

As reported on Monday, the area concerned is the Erfdeel-Dankbaarheid block which adjoins the northern boundary of the Free State Saaiplaas mine. Mining rights are held as to Anglo 60 per cent and Duiker 40 per cent.

The idea is that the area can be exploited in conjunction with existing mines there, notably **Free State Saaiplaas, Welkom** and **Western Holdings**.

In order to avoid the risk of leakage of information on the discussions—with the obvious share market implications—dealings in Duiker, Saaiplaas, Welkom and Western Holdings have been temporarily suspended at the companies' request.

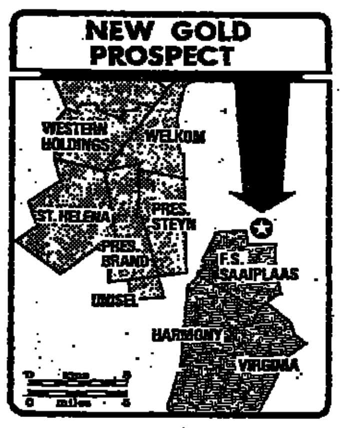
Gold values are thought to be about 6 grammes per tonne in the area, but dilution in mining could lower this to only about 4 grammes. The depth of a mining operation might be around 6,000 ft and if it were to be tackled from the Saaiplaas property two new shafts would probably be required.

Even so, the operation should be a paying proposition given, firstly, gold prices at anywhere around current levels and, secondly, favourable tax arrangements. Western Holdings, for example, which is a high tax payer might construct the new area's shaft and be allowed to set off this cost against tax. Furthermore, existing treatment facilities in the area might be able to mill the newcomer's ore.

At all events, there would be a fair amount of risk-spreading in the combination of two finance houses, three gold mines and, possibly the South African Government, in the projected venture.

Readers with long memories may recall with some amusement that back in 1949 borehole ED5 at Erfdeel assayed an amazingly high 10,586 dwts (529 ounces) gold per ton, or 56,106 inch-dwts.

Sadly, a subsequent deflection of the drill gave only 231 inch-dwts and the awful truth dawned: the high value drill core had been "salted" with the judicious addition of gold by human, rather than natural, agencies.




### Canada will fund transport improvements

THE CANADIAN Government is to spend C$255m (£94m) on improving transport facilities in furtherance of a proposed C$2bn coal development project in north-eastern British Columbia.

The project is expected to provide at least 5m tons of coal per year for the Japanese steel industry from 1983 onwards. The Government of British Columbia and the coal companies are still negotiating the terms of supply contracts with the Japanese purchasers.

The Federal Government's involvement comprises C$212m for upgrading railways, buying new trains and other improvements to be made by Canadian National Railways, C$39m towards the construction of a coal port at Ridley Island in British Columbia, and C$4m for roads.

Canada's **Teck Corporation, Denison Mines** and **BP Canada** are all involved in the project.

Senator Bud Olson, Minister of State for Economic Development, said at the weekend that he expects the initial capacity of 5m tons annually could eventually be doubled or tripled. He estimated that the coal would cost about C$72 per ton in current dollars.

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## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 16 % | ■ Hambros Bank | 16 % |
| Allied Irish Bank | 16 % | Hill Samuel | §17 % |
| American Express Bk. | 16 % | C. Hoare & Co. | †16 % |
| Amro Bank | 16 % | Hongkong & Shanghai | 16 % |
| Henry Ansbacher | 16 % | Industrial Bk. of Scot. | 17½% |
| A P Bank Ltd. | 16 % | Keyser Ullmann | 16 % |
| ■ Arbuthnot Latham | 16 % | Knowsley & Co. Ltd. | 19 % |
| Associates Cap. Corp. | 16 % | Langris Trust Ltd. | 17 % |
| Banco de Bilbao | 16 % | Lloyds Bank | 16 % |
| Bank of Credit & Cmce. | 16 % | Edward Manson & Co. | 17 % |
| Bank of Cyprus | 16 % | Midland Bank | 16 % |
| Bank of N.S.W. | 16 % | ■ Samuel Montagu | 16 % |
| Banque Belge Ltd. | 16 % | ■ Morgan Grenfell | 16 % |
| Banque du Rhone et de la Tamise S.A. | 16½% | National Westminster | 16 % |
| Barclays Bank | 16 % | Norwich General Trust | 16 % |
| Bremar Holdings Ltd. | 17 % | P. S. Refson & Co. | 16 % |
| Brit. Bank of Mid. East | 16 % | Rossminster | 16 % |
| ■ Brown Shipley | 16 % | Ryl. Bk. Canada (Ldn.) | 16 % |
| Canada Perm't Trust | 17 % | Schlesinger Limited | 16 % |
| Cayzer Ltd. | 16 % | E. S. Schwab | 17 % |
| Cedar Holdings | 17 % | Security Trust Co. Ltd. | 17 % |
| ■ Charterhouse Japhet | 16 % | Standard Chartered | 16 % |
| Choulartons | 17 % | Trade Dev. Bank | 16 % |
| C. E. Coates | 16 % | Trustee Savings Bank | 16 % |
| Consolidated Credits | 17 % | Twentieth Century Bk. | 16 % |
| Co-operative Bank | *16 % | United Bank of Kuwait | 16 % |
| Corinthian Secs. | 16 % | Whiteaway Laidlaw | 16½% |
| The Cyprus Popular Bk. | 17 % | Williams & Glyn's | 16 % |
| Duncan Lawrie | 16 % | Wintrust Secs. Ltd. | 17 % |
| Eagil Trust | 16 % | Yorkshire Bank | 16 % |
| E. T. Trust Limited | 17 % | | |
| First Nat. Fin. Corp. | 19½% | | |
| First Nat. Secs. Ltd. | 19 % | | |
| Robert Fraser | 17 % | | |
| Antony Gibbs | 16 % | | |
| Greyhound Guaranty | 16 % | | |
| Grindlays Bank | 16 % | | |
| ■ Guiness Mahon | 16 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 15 %.

# Hill Samuel Base Rate

With effect from the close of business on July 8th, 1980, Hill Samuel's Base Rate for lending will be reduced from 17 per cent to 16 per per annum.

Interest payable on the Bank's Demand Deposit Accounts will be at the rate of 14½ per cent per annum.

Hill Samuel & Co. Limited
100 Wood Street
London EC2P 2AJ
Telephone: 01-628 8011

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# Bardon Hill Group Limited

*(The Group's activities consist of Quarrying, Plant and Crane Hire and Civil Engineering)*

## ANNUAL RESULTS

| Year to 31 March | 1980 £'000 | 1979 £'000 |
|---|---|---|
| Sales | 18,962 | 15,595 |
| Profit before Tax | 1,981 | 1,223 |
| Profit after Tax | 1,625 | 1,043 |
| Per Share—Earnings | 53.2p | 34.1p |
| —Dividend Gross | 19.3p | 13.8p |
| —Dividend Net | 13.5p | 9.5p |

*Points from the statement by the Chairman, Mr. J. G. Tom*

- Substantial increase in sales and profits.
- Dividend increased by 42%.
- Reinvestment of more than £3 million in plant and equipment during the year.
- Confidence in long term prospects—current year may be difficult.

*The Company's Shares are traded on The Over-the-Counter Market. Details of this market together with copies of the full Report and Accounts are available from K. J. Cure, Bardon Hill Group Limited, Bardon Hill, Leicester LE6 2TL. Telephone Coalville (0530) 36226.*

# Current year looks brighter for Sangers

IN HIS first annual report as chairman of Sangers Group, *wholesale chemist, Mr. G. H. J.* Robinson strikes an optimistic note, after the 48.3 per cent profit *shortfall* of *last year*.

He states that major changes to strengthen the pharmaceutical division, significant plans for the photographics and agencies business and a £2m optics expansion programme are among the reasons why the group can look ahead with more confidence.

The decline in 1979-80 pharmaceutical division profits, he explains, was due entirely to the collapse of resale price maintenance, the full effects of which were felt in the second half of the year.

However, the effect of this collapse on company profits masks the good performance of the other divisions, which continued to play an increasingly important part of operations. A breakdown of sales and profits, given in the report for the first time, shows pharmaceutical wholesaling £63.19m (£70.22m) and £0.54m (£1.85m), and other activities £31.93m (£27.97m) and £1.22m (£0.55m).

"Although pharmaceutical wholesaling will never be the same again, it is hoped that the position will begin to stabilise, and the practices which have done so much harm to the industry with little benefit to anyone else will cease or at least be modified," Mr. Robinson continues.

"Pharmaceutical wholesaling will continue to be the major part of Sangers' operations, but it is certainly our intention not to rely on it as much as in the past."

The chairman feels sure that *plans for the photographics* and agencies business will bring about a return to satisfactory *levels of profits, as will plans for* optics, which include a £2m expansion programme.

The AGM of the company will be held at the Connaught Rooms, W.C., on July 31, at noon.

## IN BRIEF

STEAD AND SIMPSON (footwear, motor trading)—Results for year ended March 31, 1980, reported June 27. Shareholders' funds £26.92m (£24.91m). Cash at bank and in hand £94,000 (£935,000). Bank overdraft £876,000 (£537,000). Chairman says footwear trading up 10 per cent and motor trading 13 per cent, in first 10 weeks of current year. Revaluation of *properties* shows £11.5m surplus over book value. Meeting, Leicester, August 5, noon.

CAPITAL AND COUNTIES PROPERTY COMPANY—Results for March 25, 1980 year already known. Shareholders' funds £114.25m (£91.31m). Bank *balances £1.04m (£319,000). Meeting,* 40 Broadway, SW, July 25, noon.

SCOTTISH EUROPEAN INVESTMENT COMPANY—Results for year ended March 31, 1980 already known. Shareholders' funds £6.86m (£8.67m). Meeting, Edinburgh, July 23, 2.30 pm.

ATTWOOD GARAGES—Results for year ended January 31 1980 already reported. Shareholders funds £1.87m (£1.14m). Fixed assets £1.13m after revaluation (£610,504). Net current assets £1.03m (£681,551). Directors taking whatever action they can to *reduce stock levels and borrowings*. Ultimate holding company is Attwood Securities. Meeting, Wolverhampton, July 24 at noon.

ALFRED DUNHILL (subsidiary of Rothmans International)—Results for year to March 31, 1980, already *reported*. CCA *profit reduced* to £3.17m — £6.47m historical — after operating adjustments, £4.03m and gearing adjustment less interest on net borrowings, £269,000. Ordinary shareholders funds, £25.96m (£23.05m). Reserves, £25.12m (£22.2m). Bank *overdrafts, and short-term loans,* £7.2m (£1.76m). Bank loans, £5.21m (£5.63m). Meeting, Cafe Royal, W, July 30 at noon.

CAFFYNS (motor retailer)—Results for year the March 31, 1980, reported June 10. Shareholders' funds £9.76m (£9.34m). *Unsecured loans £1.77m* (£912,440). Bank overdraft £3.52m (£1.84m). Future capital expenditure £531,500 (£20,800). Historic pre-tax £603,832 (£911,466) reduced to £308,904 (£674,988) on CCA basis. Meeting, Eastbourne, July 31, 3 pm.

TUNNELL HOLDINGS (*construction materials,* waste management and speciality chemicals)—Results for 53 weeks ended March 30, 1980, and prospects, reported June 20. Historic pretax profits of £10.52m *reduced to £6.32m* on CCA basis. Shareholders' funds £48.25m (£41.84m). Long- and medium-term loans £4.16m (£1.88m). Overdrafts and other short-term loans £3.73m (£5.09m). Bank balances and cash £0.35m (£0.18m). *Short-term* deposits £6.98m (£9.09m). Meeting, Caxton Hall, SW, July 24, 12.30 pm.

# Supercentres aid B & Q growth

MR. DAVID QUAYLE, chairman of B AND Q (RETAIL), the DIY chain, told the annual meeting that since his prelimi*nary statement on April 23 the* company had not escaped the effects of further recession and *there* had been a *falling off in* trade. Taking the new supercentres into account, however, turnover to date was approximately one-third ahead of last year.

In the light of the present economic position certain steps were being taken to reduce staff costs and stocks in line with current trade. The reduction in staff would largely be achieved by natural wastage.

He said the company was fortunate in that it did not face any open market rent reviews *this year and only three in the* next year. In this respect, inflation was working to its *advantage, effectively devaluing* the overall rental charge.

The Board intends to carry on *with its expansion programme,* outlined in the annual report, but the pace of openings is under *constant review*.

Two centres had recently been opened, at High Wycombe and at *Tamworth, and both were* performing satisfactorily, he said.

£16.1m at the year-end, and £5m has been converted from bank overdraft to five-year unsecured term loans.

As known, pre-tax profits for the year to March 31, 1980 fell from £5.03m to £4.57m. Shareholders' funds amounted to £25.31m (£23.22m) and bank *overdrafts* were down from £12.21m to £10.03m.

On a CCA basis, pre-tax profits were reduced to £789,000 (£2.68m), and there was a current cost deficit for the year of £3.68m (£1.28m).

# Whitecroft continues to invest

MR. JOHN TAVARE, chairman of Whitecroft, textiles, engineering, building and engineering supplies group, tells shareholders in the annual report that major strategic advances are being made, including the *creation* of a national business by the integration of the Randalls *Group*.

The group will continue to invest in the profitable and grow*ing areas especially where it is* market leader, he says, although results to date have been disappointing.

He adds: "Ryder's business activities are being reduced to allow it to concentrate on the products where its fundamental skills can be most profitably employed."

Group borrowings have been maintained at planned levels—

# Rediffusion expects useful rise

SUBJECT to general uncer*tainties,* Mr. Hugh Dundas, chairman of Rediffusion, tells shareholders he expects quite a *useful improvement in profits for* 1980-81.

He says that but for the "*sky-high*" *interest rates during* last year, group profits would have shown the modest advance that had been hoped for.

As reported on June 28, after interest of £4.85m against £2.5m, taxable profits for the March 31 year were virtually unchanged at £17.12m (£17.11m). Turnover was £219.59m (£184.91m) and the dividend is maintained at 5.25p per share.

Commenting on television rental the chairman says that future prosperity will depend on the group's ability not only to win a good share of replacement sets but also to judge and exploit the demand for new devices—remote control, video recorders, video-disc machines—which will be marketed alongside those sets.

As at March 31 the balance *sheet shows shareholders' funds* of £97.43m against £101.84m; bank balances and cash £7.48m *(£3.73m), and short-term loans* and bank overdrafts £26.91m (£23.6m).

The company has *issued* guarantees on behalf of subsidiaries amounting to £30m (£17.5m), of which £20m (£7m) relates to performance bonds and leasing finance.

Ultimate holding company of Rediffusion is British Electric Traction Company.

# BIS 44% higher at £840,000

TURNOVER of the Business Intelligence Services group of companies exceeded planned budgets for the year ending February 1980 to reach £7.1m, an increase of 45 per cent, and pre-tax profits rose by 44 per cent to £840,000.

These results were achieved despite the loss of two months' turnover and profits from BIS's Deltak operations as a result of the assumption of that business by the American principal from the end of December, 1979.

*Overseas sales, including* contributions from foreign subsidaries and branches as well as UK export sales, increased again to about £3.3m or some 46 per cent of group turnover.

Computer products and services companies within the *group, BIS Applied Systems,* BIS Software, and Business Intelligence Services Inc., contributed over 60 per cent of turnover and an even higher share of operating profits. BIS Software attained an 80 per cent growth in turnover to become the largest operating company in the group.

The marketing research companies experienced varying fortunes. They achieved excellent first half-year results, but have been increasingly affected by the worsening recession in manufacturing industries. Nevertheless, both major companies ended the year profitably with considerable success in generating multi-client work.

An agreement was reached during the year by which all BIS's Deltak interests were assumed by Deltak Inc. in return *for a substantial capital sum.* Plans are now in hand for the investment of this sum in both existing activities and in new but related business areas in the UK and overseas.

Associate company, Christian Brann, achieved strong sales growth in direct mail marketing to reach an annual turnover of £2m, and completed its building and occupancy of a new factory/office extension.

Looking ahead, Mr. Brian Allison, the chairman, says he *believes the group will achieve* its target of over £9m turnover and £1m in profits before tax.

## APPLIED COMPUTER

Acceptances have been received for 98 per cent of the *shares offered by Applied Com*puter Techniques (Holdings) in a one-for-ten rights issue at 280p a share. The balance of 5.665 shares has been sold at approximately 135p a share above the issue price, for the benefit of *shareholders who did not exer*cise their rights.

# Year of good progress

**❝1979/80 was a year of good progress both in the U.K. and in overseas development despite difficult market conditions. Indications are, however, that margins will remain under pressure in the prevailing climate.❞**

**C. H. Mitchell, Chairman**

- To meet customer needs, research and development facilities have been further expanded and future development will continue to be based on technological achievement and service.
- Development of overseas markets—23% of total sales—has continued satisfactorily with new manufacturing facilities in U.S.A., Australia and Greece.
- Crude oil and other raw material prices will continue to rise, but the Directors remain optimistic that the company's own supply arrangements, stocking levels and re-cycling potential will ensure continuity of supply to its customers.

## 5 YEAR PERFORMANCE

| Year ended 31st March | 1980 £000's | 1979 £000's | 1978 £000's | 1977 £000's | 1976 £000's |
|---|---|---|---|---|---|
| Turnover | 39,087 | 22,656 | 20,262 | 17,538 | 14,025 |
| Pre-tax profits | 3,569 | 1,257 | 1,153 | 1,301 | 821 |
| Dividends | 490 | 251 | 228 | 208 | 190 |
| Retained profit | 2,838 | 730 | 681 | 831 | 465 |

**Century oils group** LIMITED

GROUP HEAD OFFICE, STOKE ON TRENT

# 'We have created a group of very considerable size while actively working to maintain the loyalty of employees and customers to particular companies and brand names'

*Extracts from the Annual Statement to Shareholders.*

I am glad to report to you the results for the 52 weeks clearly demonstrating a successful trading year for your company. The interim report last November forecast that the second half of the *year would see significant improvement*. and this has indeed occurred. The combination of industrial difficulties at the beginning of the year and a disappointing summer had a depressing effect upon our business during the first half but the last 24 weeks produced a growth in profits of over 30% resulting in profit before tax for the year as a whole of £113 million against £108 million for a comparable period in the previous year. In the *current year we have made a promising start* and I am confident that with sustained effort by everyone in the company this good progress can be maintained.

The re-organisation of your company has proceeded satisfactorily. The three divisions are working harmoniously and efficiently and we have carried further our policy of devolving into smaller trading units with a high degree of local autonomy coupled with strong central financial control.

I believe that much of British industry could learn some useful lessons from our experience. What we have done has been to create a company of very considerable size and with formidable economic and human resources, while actively working to *maintain the loyalty of employees and customers to particular* companies and brand names. As this process develops further I expect to see a continuing improvement in working relationships and consequently in our efficiency and profitability. When we instituted this policy I had no doubt that it was the right one and I am very glad that it is proceeding so well.

In a group as large and diversified as Allied, with 146 active trading companies around the world and a total annual turnover of over £2 billion, the performance of our individual companies will obviously vary but the overall group results are both satisfactory and encouraging for the future.

Although your *directors can report a satisfactory* year, with considerable promise for the future, I conclude with some notes of *caution*. Against the general economic background within the United Kingdom it will not be surprising if trading conditions become more difficult as the year progresses and there are already indications of this, particularly in retail trading in the high street. It is obvious that inflation poses serious risks for your company like others, and the determination of the Government to regard inflation as the key enemy to our national economic well-being is warmly to be welcomed. We for our part must continue to do all in our power to limit price increases so far as possible, although in a highly inflationary situation this is always extremely difficult. It is important that we do all we can to play a constructive part in what is a national crisis in which there can be no bystanders or onlookers. We are all involved.

I am sure that we are entering a new period of realism in our national affairs, and particularly in the area of industrial *relations*. I am convinced that there is now a much more general awareness of the inevitable link between over-high pay settlements and the rate of inflation, and the harm that is done to all by unreasonable industrial action of the kind that has marred the national and our own performance in recent years. The pendulum had swung too far, and the Government is right to restore some balance by its new employment legislation, which is *both fair and practical*. The real test will be whether there has been any significant change in public attitudes, any real change of mood. We in Allied have always recognised that good industrial relations are a two-way process, and all involved in management must realise this as the essential basis for harmony and efficiency. The general improvement throughout the company reflects this, and I pay warm tribute to everyone concerned.

The refreshing policy of less government involvement and interference in the affairs of industry is very much to our advantage and to the benefit of the nation as a whole, and significant steps have already been taken to remove some of the burdens which had been increasingly imposed on trade. While I *applaud this development I do not imply or suggest that all* government involvement with our business is obstructive and harmful. On the contrary, I would like to pay tribute to the very considerable help that our sponsoring ministry—the Ministry of Agriculture, Fisheries and Food—have given to us and, I know, to the industry as a whole. They have a thorough understanding of our industry's problems. We frequently have occasion to seek their co-operation on many matters, both in regard to the United Kingdom and the EEC and we are grateful for the depth and *quality of their advice and assistance*.

To all who have contributed so ably to our success, I pay my warm *and sincere thanks. Our achievements in difficult circumstances* should be an encouragement; the problems which we confront should be a challenge. While I do not underestimate the latter, and recognize their severity, our record leaves me in no doubt that we shall surmount them, and will succeed.

Keith Showering

Chairman

**ALLIED BREWERIES LIMITED**

Copies of the full Report and Accounts are available from the Company Secretary Allied Breweries Limited, Allied House, 156 St. John Street, London EC1P 1AR.

# The Continental and Industrial Trust Limited

**and its Subsidiaries**

**(Managed by J. Henry Schroder Wagg & Co. Limited)**

The Annual General Meeting will be held at 120 Cheapside, London, EC2V 6DS on Wednesday 30 July, 1980 at 12 noon

Details from the Report and Accounts for the year ended 31 May, 1980:

| | 1980 | 1979 |
|---|---|---|
| Total Revenue | £4,327,482 | £2,888,605 |
| Less: Expenses | 154,724 | 150,412 |
| Interest | 565,200 | 790,210 |
| Net Revenue before taxation | £3,607,558 | £1,947,983 |
| Less: Taxation | £1,187,176 | £688,068 |
| Preference Dividend | 38,500 | 38,500 |
| Net Revenue available for Ordinary Dividend | £2,381,882 | £1,221,415 |
| Earned on Ordinary Shares (see below) | 14.06p | 7.21p |
| Ordinary Dividends paid (net) | 13.30p | 7.20p |
| Net Assets attributable to: | £'000 | £'000 |
| Currency Loan | 1,881 | 3,811 |
| Debenture Stocks | 3,063 | 3,090 |
| Preference Shares | 1,000 | 1,000 |
| Ordinary Shares | 47,391 | 50,162 |
| Total Net Assets | 53,335 | 58,063 |
| Net asset value per 25p Ordinary Share | 279.8p | 296.1p |

Earnings per Ordinary Share for 1980 include exceptional income equivalent to 2.82p per share, and dividends per Ordinary Share include a special dividend of 2.80p per share.

Copies of the Report and Accounts are available from the Secretaries,
J. Henry Schroder Wagg & Co. Limited, 48 St. Martin's Lane, London, WC2N 4EJ.

31ST JULY 1980 REDEMPTION

## TRANSALPINE FINANCE HOLDINGS S.A.

## U.S. $20,000,000 6¾% Loan 1985

REDEMPTION OF BONDS

Transalpine Finance Holdings S.A. announces that for the redemption period ending on 31st July 1980 it has purchased and cancelled bonds of the above loan for U.S. $675,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 31st July 1980 to satisfy the Company's current redemption obligation is accordingly U.S. $500,000 and the nominal amount of this loan remaining outstanding after 31st July 1980 will be U.S. $5,900,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 23rd June 1980 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 500 bonds for a total of U.S. $500,000 nominal capital were drawn for redemption at par on 31st July 1980, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 116 | 142 | 155 | 160 | 207 | 241 | 285 | 300 | 441 | 483 | 484 | 917 | 978 | 1107 | 1136 | 1163 | 1172 | 1187 | 1195 | 1208 |
| 1219 | 1222 | 1231 | 1270 | 1334 | 1465 | 1587 | 1601 | 1653 | 1668 | 1681 | 1749 | 1776 | 1790 | 1814 | 1822 | 1875 | 1893 | 1947 | 2049 |
| 2062 | 2064 | 2114 | 2193 | 2204 | 2217 | 2250 | 2252 | 2278 | 2286 | 2375 | 2386 | 2393 | 2437 | 2459 | 2468 | 2610 | 2645 | 2656 | 2670 |
| 2710 | 2748 | 2785 | 2812 | 2834 | 2850 | 2883 | 2894 | 2947 | 2968 | 2996 | 3004 | 3067 | 3092 | 3148 | 3163 | 3174 | 3213 | 3227 | 3235 |
| 3248 | 3252 | 3273 | 3334 | 3340 | 3363 | 3406 | 3435 | 3472 | 3513 | 3616 | 3743 | 3750 | 3757 | 3774 | 3895 | 3902 | 3918 | 3945 | 3956 |
| 4049 | 4145 | 4187 | 4192 | 4229 | 4257 | 4274 | 4328 | 4375 | 4388 | 4442 | 4482 | 4532 | 4540 | 4549 | 4613 | 4664 | 4677 | 4692 | 4728 |
| 4783 | 4836 | 4844 | 4950 | 4983 | 5004 | 5015 | 5017 | 5028 | 5033 | 5045 | 5053 | 5086 | 5099 | 5101 | 5112 | 5127 | 5135 | 5142 | 5155 |
| 5156 | 5167 | 5178 | 5192 | 5208 | 5210 | 5219 | 5231 | 5246 | 5257 | 5265 | 5280 | 5282 | 5298 | 5304 | 5316 | 5319 | 5327 | 5333 | 5340 |
| 5354 | 5462 | 5504 | 5558 | 5621 | 5643 | 5655 | 5670 | 5684 | 5697 | 5715 | 5731 | 5768 | 5820 | 5858 | 5874 | 5900 | 5906 | 5918 | 5931 |
| 5945 | 5953 | 5967 | 5981 | 6004 | 6017 | 6116 | 6279 | 6293 | 6314 | 6329 | 6358 | 6370 | 6488 | 6527 | 6588 | 6656 | 6778 | 6884 | 6932 |
| 6944 | 6975 | 7050 | 7164 | 7230 | 7416 | 7473 | 7518 | 7531 | 7545 | 7566 | 7588 | 7604 | 7623 | 7644 | 7663 | 7686 | 7702 | 7729 | 7750 |
| 7757 | 7773 | 7795 | 7801 | 7823 | 7836 | 7870 | 8095 | 8115 | 8174 | 8297 | 8353 | 9318 | 9387 | 9398 | 9465 | 9532 | 9564 | 9626 | 9700 |
| 9742 | 9799 | 9807 | 9835 | 9878 | 9898 | 9953 | 9989 | 10035 | 10104 | 10129 | 10155 | 10201 | 10233 | 10354 | 10416 | 10425 | 10454 | 10503 | 10518 |
| 10626 | 10761 | 10797 | 10830 | 10884 | 10897 | 10903 | 10915 | 10954 | 11064 | 11082 | 11301 | 11352 | 11398 | 11405 | 11504 | 11545 | 11549 | 11557 | 11582 |
| 11598 | 11699 | 11744 | 11760 | 11762 | 11858 | 11864 | 11872 | 11886 | 11924 | 11963 | 11976 | 12101 | 12148 | 12159 | 12237 | 12249 | 12256 | 12270 | 12271 |
| 12453 | 12595 | 12617 | 12768 | 12852 | 12921 | 13002 | 13025 | 13036 | 13059 | 13084 | 13092 | 13135 | 13257 | 13299 | 13303 | 13359 | 13367 | 13383 | 13390 |
| 13417 | 13456 | 13472 | 13500 | 13506 | 13566 | 13578 | 13617 | 13625 | 13641 | 13688 | 13707 | 13736 | 13754 | 13809 | 13828 | 13843 | 13892 | 13995 | 14047 |
| 14054 | 14062 | 14107 | 14124 | 14142 | 14154 | 14165 | 14197 | 14248 | 14296 | 14303 | 14311 | 14325 | 14326 | 14338 | 14360 | 14371 | 14398 | 14415 | 14427 |
| 14446 | 14479 | 14513 | 14548 | 14606 | 14653 | 14662 | 14678 | 14695 | 14736 | 14742 | 14758 | 14767 | 14809 | 14821 | 14834 | 14863 | 14887 | 14905 | 14928 |
| 14953 | 14976 | 14995 | 15007 | 15023 | 15046 | 15061 | 15074 | 15096 | 15109 | 15123 | 15142 | 15160 | 15174 | 15192 | 15213 | 15235 | 15256 | 15274 | 15298 |
| 15304 | 15323 | 15346 | 15363 | 15384 | 15406 | 15431 | 15475 | 15498 | 15591 | 15684 | 15710 | 15827 | 15849 | 15866 | 15932 | 15971 | 15997 | 16008 | 16047 |
| 16062 | 16085 | 16104 | 16128 | 16298 | 16337 | 16390 | 16419 | 16457 | 16474 | 16495 | 16583 | 16605 | 16637 | 16683 | 16738 | 16774 | 16792 | 16813 | 16847 |
| 16866 | 16885 | 16947 | 16972 | 17000 | 17056 | 17077 | 17172 | 17221 | 17264 | 17378 | 17477 | 17543 | 17616 | 17723 | 17768 | 17783 | 17830 | 17891 | 17984 |
| 18011 | 18036 | 18114 | 18177 | 18194 | 18286 | 18314 | 18363 | 18387 | 18448 | 18465 | 18534 | 18575 | 18598 | 18619 | 18671 | 18703 | 18775 | 18834 | 18865 |
| 18908 | 18957 | 19015 | 19078 | 19194 | 19247 | 19316 | 19342 | 19394 | 19442 | 19460 | 19533 | 19587 | 19609 | 19691 | 19735 | 19824 | 19891 | 19943 | 19965 |

*Witness:* K.F.C. Baker, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 31st July 1980 at the offices of the paying agents named on the coupons in the manner specified in Condition 5 of the Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 31st July 1981, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

**Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.** *8th July 1980*



# BIDS AND DEALS

## John Bentley to buy 2m Tebbitt shares

Mr. John Bentley, chairman of Tebbitt Group, has agreed to buy 2m Tebbitt shares, 12.9 per cent of those issued, from John Baker (Insulation), of which he is joint chairman and chief executive, at 18½p a share.

Tebbitt shares closed yesterday down ½p to 27p.

On June 30, Tebbitt revealed in an information circular accompanying a share placing that John Baker (Insulation) was negotiating a substantial potential acquisition which might result in the sale of its Tebbitt shareholding to Mr. Bentley. The circular shows that the only Tebbitt shares in which Mr. Bentley has an interest are the 2m held by Baker.

Last Thursday, John Baker Insulation) announced that it was making a £1.35m cash and shares acquisition of Intervision, claimed to be a leading company in the pre-recorded video tape business.

Baker asked that its shares be suspended from trading in the 163 (2) market because of the size of the proposed deal. Baker came to the market in April, 1979. At the placing price of 115p a share, the 316,000 ordinary shares then in issue of which Mr. Bentley held 12,500, were worth £363,400. The company made pre-tax profits in 1979 of £51,377.

Last January, Mr. Bentley acquired 175,000 10p deferred shares of Baker, half of those authorised and issued of that class. Also, Baker issued 150,000 new £1 preferred shares at 160p each to purchase the 2m Tebbitt shares for £200,000. The proceeds of the sale of Tebbitt shares to Mr. Bentley would be £370,000. The transaction is subject to the approval of Baker shareholders at an EGM yet to be called.

### WOLSELEY WEBB

Wolseley Webb is, subject to fulfilment of contractual conditions, to acquire the business of Landmaster. From August 1 all manufacturing and marketing activities of the company will be conducted at the Wolseley Webb works and offices at Electric Avenue, Witton, Birmingham.

Landmaster has a long association with the manufacture of quality garden machinery and domestic rotary lawnmowers, which include the Sovereign, Stoic and Saturn models.

### HAMPTON TRUST

Hampton Trust has exchanged contracts for the purchase of the leasehold interest in 73/74 Berwick Street, London, W1. The consideration is £105,000 and will be satisfied either in cash or by the issue of 420,000 Hampton ordinary shares at 25p each. Stockbrokers Foster and Braithwaite will place with clients the shares on behalf of the vendors.

The lease runs to 2006 and currently produces a profit rent of approximately £10,000 per annum with rent reviews falling in from 1982 onwards when the profit rentals, on existing rental levels, are expected to rise to approximately £20,000 per annum.

## Pennine pays £0.63m for housing site

Pennine Commercial Holdings, the motor vehicle and mobile homes retailer, has exchanged contracts for the purchase of a housing development site at Accrington, Lancashire.

The consideration for purchase is £625,000, of which £85,000 will be satisfied in cash (£8,500 having already been paid on exchange of contracts) and the remainder by the issue of 5.5m Pennine fully paid ordinary shares of 10p.

The contract is conditional upon a listing for the new shares and the approval of Pennine's shareholders. The Takeover Panel's approval to the waiver of rule 34 is being sought and full details will be sent to shareholders as soon as possible.

The site has detailed planning permission for the construction of 220 units and has been valued by Pennine's advisers at £725,000.

The directors anticipate that substantial profits should accrue to the group as a result of this transaction. In addition, the immediate benefit to the group's balance sheet will materially assist future development, Pennine said yesterday.

### EMESS LIGHTING/ HOLMER GREEN

Emess Lighting has acquired Holmer Green Lighting for £100,000 cash. In addition, two of the vendors will receive a deferred consideration of up to £10,000 dependant on pre-tax profits of Holmer exceeding £35,000 in each of its financial years ending in 1981 and 1982.

Holmer had net tangible assets of £35,000 at April 30, 1980 and pre-tax profits at that date for the year to were £30,000. Holmer manufactures high quality, solid brass lighting fittings, principally for sale to the wholesale trade.

### PLAXTONS

Plaxtons (Scarborough) has purchased the capital of the T. H. Burgess Holdings group of companies, of which the principal operating company is Reeve Burgess of Chesterfield.

Reeve Burgess carries on the trade of cab conversions and commercial vehicle body building.

Purchase price is £600,090 cash. Value of tangible net assets acquired amounts to £419,000.

Profit before tax of the THBH group for the year ended March 31, 1980 was £127,000.

The acquisition provides Plaxtons with a ready-made unit which is proving its potential in the specialised fields in which it operates.

### WILSON WALTON EXPANSION

Wilson Walton International has been consolidating its operations. It announced yesterday that it had acquired Material Measurements of Belmont, Surrey, which, according to the group, had consolidated its holding in subsidiary companies in Holland, Singapore and Curacao.

Wilson Walton International has also increased its holding in Wilson Walton International Inc. (U.S.) to over 90 per cent by the acquisition of shares previously held by R. J. Walton. The cost of these and other acquisitions over the past four months are in the order of £1.4m.

### KLEEMAN PLASTICS

Comoy Components, a member of the Kleeman Plastics Group, is taking over the instrument manufacturing business of Paul Poddy.

Poddy manufactures a range of all-acrylic manometers, gas gauges and flow meters. Mr. Paul Poddy is retiring but will remain as a consultant to the new enterprise, which will be run separately as the Poddymeter division of Comoy Components.

### SHARE STAKES

News International—Mr. P. B. Hamlyn, director, has acquired 25,000 ordinary shares.

Titaghur Jute Factory—Swiss Bank Corp. (London Office Nominees) has acquired 93,500 ordinary (6.55 per cent).

Wade Potteries—Sir George Wade, director, has disposed of 155,000 shares reducing holding to 976,598 (9.55 per cent).

Tern-Consulate—ITC Pension Trust jointly with ITC Pension Investments now hold 142,500 shares (6.09 per cent).

James Fisher and Sons—Lady Fisher, wife of Sir John Fisher, president, has disposed of 100,000 shares.

Long and Hambly — Mr. R. Payne, director, disposed of 25,000 ordinary shares.

## Dawson offer for Ballantyne

Dawson International, the Scottish textile group, has made an agreed offer worth around £1m for Henry Ballantyne and Sons, the largest of the Border textile companies.

The terms for this lossmaking public unquoted company—62.23p cash for each ordinary or "A" ordinary share and 42p cash for the preference—have been irrevocably accepted by the Scottish Development Agency in respect of its 50.2 per cent holding and by the directors. These holdings together total 70.5 per cent of the Ballantyne capital.

As an alternative to cash holders can elect, in whole or in part, to take Dawson shares.

Ballantyne's loss before tax in the year ended March 31, 1980 showed an increase from £79,696 to £137,000. This compared with a record profit of £437,000 in 1973. Net tangible assets amounted to £3.7m.

Ballantyne (which has been advised by Noble Grossart) is principally a manufacturer of woollen and worsted fabrics. These will complement Dawson's knitting interests which are also based in the Scottish Borders.

Dawson intends to develop further the worldwide reputation which Ballantyne already has through its famous brand names. Mr. Henry Ballantyne will remain chairman.

Dawson, which has been advised by Samuel Montagu and Co., showed profits up from £6.63m to £7.44m in the first half of 1979-80. In the previous full year profits amounted to £16.26m.

Dawson shares rose 2p to 113p yesterday.

### YORKS. SPINNERS TO SELL SUBSIDIARY

The directors of Yorkshire Fine Woollen Spinners say negotiations are taking place which, if successful, will result in the sale of the assets of dyeing and finishing subsidiary Allen Thornton and Sons.

Any agreement reached will be conditional on approval by members.

### DATEMA UK EXPANSION

Datema has acquired Ross Computer Services based in South Wales. Ross is the main supplier of computer services to the Poster Industry in the UK and also processes for other industries such as engineering, finance, oil distribution and accountancy.

Datema is part of the Swedish Datema Group, which has an annual turnover of £35m.

APPOINTMENTS

# Turner & Newall subsidiary reorganised

TURNER AND NEWALL states that the businesses of its subsidiary Engineering Components have been reorganised into three independent operating companies, Payen International, Flexitallic Gaskets and Coopers Filtration, and the following appointments have been made. Mr. B. G. Hill, a director of Turner and Newall, will be chairman of all three companies. The other directors of Payen International will be Mr. R. P. Druett, chief executive and deputy chairman, Mr. G. C. Clark, managing director (administration), Mr. P. N. Stockton, managing director (operations), and Mr. B. Hawley (finance). Mr. B. Davey becomes managing director and Mr. G. C. Clark director of Flexitallic Gaskets. Mr. B. H. Ross becomes managing director and Mr. R. B. Barrington, Mr. G. C. Clark and Mr. R. Colamino directors of Coopers Filtration.

★

INGERSOLL-RAND has appointed Mr. G. H. Norrish as director of public relations.

★

Mr. Brian Moore, previously regional sales manager for KELLOGG COMPANY OF GREAT BRITAIN, has been appointed general sales manager.

★

Mr. J. S. Perrin, who recently joined geotechnical consultants FUGRO as financial controller, has joined the Board as an associate director. He is engaged in the computerisation of the company's accounting system.

★

Mr. Richard J. Yoffey has been appointed managing director of COLEMAN UK INC, the British subsidiary of the Kansas-based leisure industry corporation.

★

Mr. P. R. Bushill-Matthews, national accounts director of Birds Eye (Sales), is to become managing director of IGLO-INDUSTRIAS, Unilever's ice cream and frozen foods company in Portugal on August 1. Mr. K. L. Gordon, his fellow national accounts director, takes over responsibility for all major multiple accounts. Wholesale and symbol trading groups, previously Mr. Gordon's responsibility, have been transferred to the company's sales director, Mr. J. F. W. Yaxley.

★

Mr. Christopher Green has been made chief operating manager for BRITISH RAIL Scotland. He succeeds Mr. Fred Walmsley who moved to a similar position on the Western Region of BR earlier this year.

★

Mr. John B. Studdy has been appointed to the Board of A.M.P. MORGAN GRENFELL and also to the Boards of the operating subsidiaries A.M.P. Discount Corporation and A.M.P. Morgan Grenfell Acceptances.

★

Mr. J. W. Fletcher has been appointed chief manager international, COMMONWEALTH TRADING BANK OF AUSTRALIA, Sydney. Mr. Fletcher, formerly deputy chief manager international, succeeds Mr. B. K. Maitland who is retiring.

★

THE PERFORMING RIGHT SOCIETY has made the following appointments: Mr. Michael Freegard, general manager has become chief executive. He will continue to be the senior executive officer responsible to the general council for the management of the Society's affairs. Mr. Marshall Lees is appointed director of operations and Mr. Robert Abrahams director of external affairs. Each will report directly to the chief executive and deputise for him appropriately where necessary.

★

Mr. Peter Bowring, Mr. Gilbert A. Cooke, Mr. Ivor R. Binney and Mr. Edgar R. H. Bowring have been elected to the Board of MARSH AND McLENNAN COMPANIES, INC. All four of the new directors are also directors of C. T. Bowring and Co., which is being acquired by Marsh and McLennan. Mr. John M. Regan, Jr., chairman of Marsh and McLennan Companies Mr. Robert J. Newhouse, Jr., President; and Mr. Bruce W. Schnitzer, vice president and chief financial officer, have been elected to the Board of C. T. Bowring and Co.

★

Mr. Rex Stretton has been appointed to the Board of GOLA SPORTS of Wellingborough, Northamptonshire.

★

CARRON of Falkirk has appointed Mr. Adrian Fleetwood as managing director of its domestic appliance division.

★

On reaching retirement age, Mr. Alasdair M. Drysdale, chairman of WM. LOW AND COMPANY, will be leaving the Board in December. He will be succeeded as chairman by Mr. J. Philip Rettie, the chief executive, who will continue in that capacity.

★

Mr. J. F. Annett has joined BRABY LESLIE as operations development executive and is appointed director and acting general manager of Braby Group, Bristol branch. Mr. H. Pilkington, a main Board director and general manager, Bristol, is appointed managing director of the consumer goods division of Braby Leslie with responsibility to co-ordinate and develop the group's consumer goods activity.

★

Mr. X. G. Roumbos, GENERAL ACCIDENT'S manager for Greece and general manager of General of Athens, has retired. He continues his association with General Accident as non-executive chairman of General of Athens. Mr. R. J. Baskerville, the company's manager for Southern Europe, has assumed the additional responsibilities of manager for Greece and general manager of General of Athens.

★

Lord Roger Nathan, the senior partner of Herbert Oppenheimer, Nathan and Vandyk, has joined the Board of MANPOWER as a non-executive director. Mr. Roger Wain-Heapy has become manager, Midlands, and Mr. David K. Cairns industrial relations consultant.

★

STAG FURNITURE HOLDINGS has appointed Mr. Richard H. Belton, managing director of the Stag Cabinet Company, to the group Board.

★

ATLANTIC COMPUTER LEASING has appointed Mr. Brian Lloyd managing director. Mr. John Foulston, the founder of the company and the former managing director, will remain as managing director of Atlantic Computer Holdings.

★

Mr. Sherman O. Kasper has been appointed managing director of VYDEC (UK).

★

Mr. John Sidwell has been appointed managing director of G. A. HARVEY OFFICE FURNITURE in place of Mr. P. H. Till, who remains chairman.

★

Mr. Rodney Martin has been made chairman of the newly-formed WALTER LAWRENCE TOOLS. Other Board appointments include Mr. Robin Duckitt and Mr. John Raven (joint managing directors) and Mr. Robert Martin, Mr. David Whitworth, Mr. Tom Plumpton, Mr. Ken Robinson, Mr. Derek Gould and Mr. Gerald Galley.

★

Mr. P. M. Weepers has been appointed director—sales and marketing—of Belstaff International. Mr. David T. Graham, formerly sales director of Belstaff, has become managing director of Titan Exports and Mr. Ronald Moore has been appointed managing director of Conway Leisure Products. The companies are members of the HALSTEAD GROUP.

★

C. E. HEATH GROUP has made the following appointments: Mr. C. J. Cox, an assistant director, C. E. Heath & Co. (Aviation); Mr. W. R. Magee, a director, C. E. Heath & Co. (Lancashire); Mr. N. Cola-Almeida and Mr. M. A. S. Burbidge, associate directors, C. E. Heath & Co. (Latin America); Mr. D. J. A. Herring, a director and Mr. D. H. F. Parfett, an assistant director, C. E. Heath Urquhart (Life & Pensions); and Mr. J. C. Kyd, a director of C. E. Heath & Co. (Advisory Services).

★

Mr. Ken Overton has been appointed managing director of the retail betting division of LADBROKES.

★

MEADOWS GROUP has made the following appointments: Mr. Michael Baker and Mr. Bill Howard have become directors of Meadows (Life and Pension Consultants). Mr. Baker has also become responsible for the day to day management of Thomas Meadows (Insurance) in preparation for the retirement of two of the company's directors, Mr. John Gatford and Mr. Arthur Santon, at the end of the year.

★

Mr. J. L. I. Cranston has retired as a director of the PROPRIETORS OF HAY'S WHARF. Mr. D. J. W. Browne has been appointed a director in his place and will be taking over responsibility from Mr. Cranston for the oils and chemicals division

★

Mr. G. F. Lacey has resigned as chairman and Mr. G. J. Ward as a director of EDINBURGH GENERAL INSURANCE SERVICES. Mr. D. P. Douetil has been appointed chairman and continues as chief executive and Mr. Eugene Patry has become a director. The changes follow the sale of the Birmingham and Midland Counties Trust holding in EGIS.

★

Sir David Scott, formerly British Ambassador to South Africa, has joined the Board of MITCHELL COTTS GROUP as a non-executive director.

## Leyland technical centre chief

Mr. Paul Bourgeois has been appointed to the new post of product services director of LEYLAND VEHICLES, with responsibility for the engineering services division and Group product planning. He will take over responsibility for Leyland's new test track and technical centre at Mosside near Leyland, due to be opened later this year. He is succeeded as product planning manager for all LVL products by Mr. Robin Woolcock, previously the company's heavy truck product planning manager.

★

BPC has appointed four divisional chief executives: Mr. A. W. Cook (business forms division), Mr. M. A. E. Pegge (commercial printing division), Mr. D. G. Perry (packaging division) and Mr. R. A. Walker (book production division). Mr. Michael Pickard, the non-executive deputy chairman and a director of BPC, has resigned his appointments to devote more time to his other business commitments.

★

Three Grand Metropolitan directors have been elected to the LIGGETT GROUP Board following the offer for Liggett. Mr. Maxwell Joseph becomes chairman and Mr. Stanley Grinstead and Mr. Clifford Smith, directors. Eight non-management Board members of Liggett have resigned.

★

Mr. Brian Griffin has been appointed chief executive of the BUILDER GROUP.

★

Mr. George B. Edward has been appointed a director on the Board of TRIUMPH INTERNATIONAL, the UK subsidiary.

NORTH AMERICAN NEWS

## Hillenbrand profits hit by travel goods offshoot

BY OUR FINANCIAL STAFF

HILLENBRAND INDUSTRIES, the major U.S. coffins manufacturer, has become an unlikely victim of the recession through its subsidiary, American Tourister, acquired in 1978.

Hillenbrand said that sales and earnings of Tourister were down in the second quarter of the current financial year, because of a decline in retail orders for its American Tourister lugga.

Thus, second quarter net earnings for the group were down by just over 7 per cent to $5.9m, lowering interim earnings for the first half ended May 31 to $13.5m, compared with $14.4m in the same period of the previous year, or $2.72 per share, against $2.90.

The company said, however, that it expected results for the second half of the financial year ending November 30 to improve on those achieved in the corresponding period of last year, when earnings were nearly $11m.

American Tourister is not expected to better its sales and earnings in the current year (although it should show some improvement as new products are marketed in the latter part of this year), but it contributes less than a quarter of Hillenbrand's profit. The bulk of the earnings — more than half — come from the Batesville Casket Company.

## Calgary Power turns down Atco bid

By Robert Gibbens in Montreal

**CALGARY POWER is recommending its shareholders to reject an offer potentially worth C$513m by Atco for a 51 per cent interest. Calgary Power is the principal Alberta power utility and Atco is a major prefabricated industrial housing producer with oil and gas interests.**

**Last week Atco completed its acquisition of Canadian Utilities, another Alberta power utility and a gas distributor, for about C$300m. It then bid C$21 a share for 24.5m class A and class B shares of Calgary Power.**

**Calgary Power now argues that the borrowing required by Atco for the two deals would be around C$800m and this would adversely affect Calgary Power's financing programme and the value of its debt and equity stock.**

**There was no immediate reaction from Atco.**

## Tandy forecasts strong gains

NEW YORK — Tandy Corporation expects to report substantially higher sales and earnings in fiscal 1980, Mr. Philip North, chairman, said.

Analysts' estimates of fiscal 1980 earnings, which range between $3.75 and $4.15 a share, are "pretty conservative," he said, while declining to make a specific forecast.

Tandy, whose major business is operating Radio Shack consumer electronics stores, had a "very nice sales gain" this year despite the recession. It earned $83.2m or $3.23 a share on total sales of $1.22bn in the year ended June 30, 1979. The company's May sales were up 17 per cent from a year earlier.

Radio Shack, which was among the first retailers to offer small computers for home and business use, has about 40 per cent of the market despite increased competition from other data processing manufacturers, according to outside estimates.

Mr. North said Tandy's future marketing plans include emphasis on its telephone and computer products and particularly combinations of the two, such as its recently announced videotex information retrieval system to be offered in October.

Tandy has no plans to market larger computers than it already offers, Mr. North said. He was also reluctant to see Tandy increase its involvement in the development of software.

Tandy has about 6,800 radio shack stores in the U.S. and it will probably open a few hundred more by the end of the calendar year.

It does not plan to move into unrelated lines of business, except to possibly acquire factories in order to guarantee supplies. It manufacturers about 45 per cent of what it sells but will never build all its merchandise.

Reuter

## Fidelity Union $85m deal

By Our Financial Staff

**FIDELTY UNION Bancorp's acquisition of Garden State National Bank has become effective, the companies announced.**

**Under the terms, Fidelity acquired the 1.7m shares of Garden State for $59.7m cash and $25.7m in seven-year unsecured instalment notes. Garden State has $880m in assets.**

**Warner Communications disclosed later in New York that it had held its 63 per cent interest in Garden State to Fidelity Union for $54.2m, of which $32.5m was in cash and $21.7m in seven-year instalment notes.**

## Half-year reverse at Measurex

BY OUR FINANCIAL STAFF

MEASUREX, the U.S. manufacturer of computer-based process control systems, has suffered a further drop in second quarter earnings, following a 4.5 per cent fall during the first three months.

Net profit during the three months ended May 31 slipped by a quarter to $1.75m, on revenue ahead by a marginal 4.6 per cent to $29.7m.

For the six-month period ended May 31, net earnings were 14.5 per cent lower at $4.24m, even though sales were 10.4 per cent higher at $60.3m, to reduce earnings per share to $1.22 from $1.41.

It seems clear that the company was hit by inflationary pressures and rising interest rates during the period. In addition, orders were significantly lower—the backlog at the end of the first quarter had fallen to only $26.8m, improving only slightly to $29.3m by end-May compared to $39.2m a year ago.

## Dennison Manufacturing feels the recession

BY OUR FINANCIAL STAFF

DENNISON Manufacturing, which produces stationery supplies and office equipment, is feeling the impact of the recession as much as most companies, but expects to recover more quickly than others as the recession ebbs, according to Mr. Nelson Gifford, the group's president.

In the meantime, however, the company expects profits for the second quarter to show a plunge of 40 per cent and for the full year a fall of about 20 per cent. This would be the first yearly decline for 11 years for Dennison, once a manufacturer of only labels and tags but one that has been expanding and diversifying in recent years.

The second quarter profit downturn was deepened by currency translation costs, debt interest charges, and start up costs, said Mr. Gifford, adding that all these factors will weigh less heavily in the remaining two quarters of the year.

Second quarter net totalled about $3.5m or 40 cents a share. As things stand, net for the year should be about $20m or $2.10 a share compared with $25.4m or $2.70 a share in the previous year. Sales are expected to be flat. "If the recession ends in the fourth quarter, the figures won't be that low," said Mr. Gifford.

Wall Street analysts had forecast earnings of about $2.50 for fiscal 1980.

As previously reported, the company recorded first quarter net of $5.1m or 59 cents a share on sales of $115.5m.

However, Dennison anticipates that the recession will begin to ebb in the first quarter of next year. "I do think we can outperform a normal recovery," declared Mr. Gifford. This was mainly because new ventures, where start-up costs were draining net earnings would be on stream by then—indeed, in the black by the end of the year.

These ventures include plants that make metalised paper used on beverage labels and the foil for inner linings of cigarette packets and the Intacs printer for industrial tags and labels.

Mr. Gifford anticipates three-shift working at the metalising plant soon. "We're getting some very good contracts," he commented.

Being hardest hit by the recession are Dennison's output of some printer's, decorators and price-marking equipment used in retail stores. The company's two paper mills "aren't doing well," said Mr. Gifford in conclusion."



INTERNATIONAL CAPITAL MARKETS

## Eurobond prices edge ahead

BY FRANCIS GHILES

ALL MAJOR SECTORS of the Eurobond market were steady yesterday with prices of dollar and D-Mark foreign bond issues posting slight gains, averaging ⅛ of a point, on the day.

There was some interest in buying fixed rate bonds in the dollar sector, according to a number of dealers, but few buying orders actually came through. The better tone in the market is developing through the absence of new issues, which is welcome all-round after the bout of indigestion experienced during the past weeks. The firmness of the New York bond market and the slight easing of Eurodollar interest rates yesterday also helped.

The tap dollar issue for Oesterreichische Kontrollbank, which was led by Orion Bank, started trading today. It was quoted at 98-98½ by the lead manager and a little lower elsewhere in the market. This is the only recent issue to have thus traded close to its issue price—fixed at 98½ last Friday—after reaching the secondary market.

This is a consequence of the bond having been priced more realistically than most of the recent fixed interest dollar issues.

Allotments have been made by the lead manager of the City of Montreal $57.5m seven-year bond, Westdeutsche Landesbank. The bond carries a coupon of 10¼ per cent. Underwriters were only allotted the volume of bonds asked for rather than the volume they had initially underwritten. Despite this, the issue was still quoted at 95½-96½ in pre-market trading.

Parisbas Suisse (Bahamas) is issuing 33,600 convertible dollar debentures maturing on December 31, 1990. This issue is expected to carry a coupon of 6¾ per cent and be priced at par.

The debentures are expected to be of approximately $1,200 nominal value each and convertible into five bearer shares of Paribas (Suisse) SA from October 1, 1980 to December 1, 1990. The conversion price is expected to include a premium of 7-10 per cent and the issue is managed by Paribas.

Trading remained thin in the Deutsche-mark foreign bond sector, but new issues were well received. The DM700m ten-year bond for the World Bank, which yields 8.13 per cent, was trading around par yesterday. DM200m worth of bonds have been placed directly with the Saudi Arabian Monetary Fund (SAMA), the first time the agency has bought such a large proportion of a publicly quoted D-Mark foreign bond. SAMA has traditionally preferred bonds of shorter maturity than 10 years.

German bankers believe this move could point to SAMA's willingness to play a more prominent role in the bond markets.

Hitherto, the agency shunned publicity and, while prepared to buy private placements, has been less keen on public bonds, whatever their currency denomination.

The DM 200m eight-year issue for New Zealand, which carries a coupon of 7⅞ per cent, was priced by the lead manager, Commerzbank, at 99½. At this level it yields 7.96 per cent.

### TOP LEAD MANAGERS IN THE EUROBOND MARKET

| | Amount $m | No. of issues | Market share % |
|---|---|---|---|
| 1—Deutsche Bank | 1,457.9 | 15½ | 12.0 |
| 2—CSFB | 1,307.7 | 19½ | 10.8 |
| 3—Paribas | 695.8 | 5 | 5.7 |
| 4—UBS | 595.5 | 10½ | 4.9 |
| 5—Morgan Stanley | 583.0 | 7 | 4.8 |
| 6—Goldman Sachs | 555.0 | 4½ | 4.6 |
| 7—SBC | 528.4 | 8 | 4.3 |
| 8—Societe Generale | 435.8 | 3 | 3.6 |
| 9—Salomon Bros. | 391.7 | 4 5/6ths | 3.2 |
| 10—S.G. Warburg | 368.0 | 6 | 3.0 |

All public issues of straight bonds, FRNs and convertibles for the first half of 1980 with full amount credited to lead manager or shared between joint lead managers

## Bigger loss reported by Winnebago Industries

By Terry Byland

FURTHER INDICATIONS of the damage wrought on the mobile homes industry by the combination of higher oil prices and interest rates in the first half of the year are disclosed by a sharply increased loss in the third quarter at Winnebago Industries.

However, the company says that it expects sales and orders to improve this summer and autumn as credit becomes more readily available.

The third quarter has produced a loss of $5.4m or 22 cents a share, compared with $1.9m for last year's comparable period. The Board of Winnebago, which earns virtually all its profit from motor homes, comments that the loss reflected the "dramatic impact" on consumers of the Federal Reserve's credit restraints imposed in March.

It had anticipated an improvement in sales this spring, but the credit curbs virtually halted wholesale and retail sales of motor homes.

However, retail sales have been 60 per cent higher than wholesale sales for the last year and dealers' stocks are now extremely low, so any pick-up in consumer demand will directly aid shipments.

Wall Street analysts have already predicted that Winnebago will turn in a loss for 1980 "probably greater" than the 16 cents a share lost in 1979. While the outcome for the year will be greatly affected by the cost and availability of credit, another restraint is the continued uncertainty over the outlook for petrol prices.

To counter these fears, Winnebago has introduced new models for 1980 which are shorter, lighter and more fuel efficient. It now offers dual-fuel options on motor homes, which can be driven on liquid petroleum gas as well as petrol.

The company last returned a profit of 4 cents a share for the quarter to February 1979, and its last fully profitable year was 1977-78 when it earned 4 cents a share.

No cash dividends have ever been paid by Winnebago, nor is such payment expected in the near term.

In March 1979, management changes were made, notably the appointment of Mr. J. K. Hanson as chairman and chief executive officer.

## Downturn at Great Lakes Chemical

By Our Financial Staff

FOR THE first time in more than nine years, Great Lakes Chemical has suffered a fall in quarterly earnings, said Mr. Emerson Kampen, president and chief executive.

Second quarter net earnings and revenue "were slightly below" the record figures of the comparable period.

In the 1979 second quarter, the company earned $4.5m or 64 cents a share on revenue of $31m.

The West Lafayette-based diversified maker of flame retardants and agricultural chemicals showed improvement for the first half. Moreover, "we'd be very disappointed if the second half isn't clearly better than the first half," said Mr. Kampen, forecasting record results for the full year.

Decreases in earnings and revenues had last been registered in the 1971 first quarter and 1969 fourth quarter.

As previously reported, the first quarter 1980 profit increased to $5.3m or 75 cents a share from $4.2m or 60 cents a share while revenue climbed to $34.4m from $29.8m.

In 1979, the company posted record earnings of $18.6m or $2.65 a share on record revenue of $125m.

MEDIUM-TERM CREDITS

## $300m for Mexican borrower

BY OUR EUROMARKETS STAFF

MEXICO'S Financiera Nacional Azucarera (Finasa) has awarded a mandate jointly to five banks to raise a $300m loan. The banks are Intermex, Citicorp (which is also acting as agent bank) Dai Ichi Kangyo Bank, Gulf International Bank ad Union Bank of Switzerland.

Terms of the issue include a maturity of eight years with five years grace and a split spread over the London interbank rate of ⅝ per cent for the first five years, rising to ¾ per cent.

This compares with the split spread of ⅝ per cent for the first five years falling to ½ per cent for the last five which the Commission Federal de Electricidad achieved on its $300m issue currently on offer.

A $250m credit for the Montreal Urban Community, which was signed two years ago, is being refinanced. The terms paid by the borrower in 1978 included a spread of ⅝ per cent for 10 years. As agreed now between the lead manager, Chase Manhattan Ltd, and the borrower, the spread has been brought down to ½ per cent for five years rising to ⅝ per cent for three. The maturity has thus been left unchanged.

All the banks which participated in the initial management group have indicated their agreement to this softening of terms and their willingness to participate in the refinancing.

Both these loans point to the fact that prime quality borrower can still raise funds on very fine terms in the international credit markets.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 7

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcoa of Australia 10 89 | 60 | 93¾ | 95¾ | +0⅛ | +0¾ | 11.21 |
| Bnt. Oxygen F. 10¾ 90 | 50 | †95 | 95½ | −0⅛ | −1 | 11.57 |
| CECA Grad. Rate 12 86 | 100 | 98¾ | 99¼ | +0⅛ | −0¼ | 11.41 |
| CECA 11¾ 90 | 50 | 99½ | 100½ | 0 | +0⅛ | 11.60 |
| CECA 11½ 88 | 100 | 100¼ | 100¾ | −0⅛ | −0⅞ | 11.39 |
| Citicorp O/S Fin. 10 86 | 300 | 96⅝ | 97⅛ | +0⅛ | +1⅛ | 10.73 |
| Continental Grp. 9¾ 86 | 100 | 92½ | 93 | +0¼ | −0⅞ | 11.36 |
| Con. Illinois O/S 9¾ 86 | 150 | 95⅞ | 96⅛ | — | — | 10.72 |
| Denmark 11¾ 90 | 100 | 99⅞ | 100⅜ | +0⅛ | +0⅛ | 11.72 |
| Dome Petroleum 13½ 92 | 50 | 103¾ | 104¼ | 0 | +0⅞ | 12.81 |
| EEC 11 95 | 75 | 96⅜ | 96⅞ | +0⅛ | −0⅛ | 11.47 |
| EIB 11¾ 92 | 30 | 99⅛ | 99⅝ | +0⅛ | +0⅛ | 11.83 |
| EIB 13¾ 90 | 100 | 106½ | 107 | +0⅛ | +0⅛ | 12.50 |
| Eksportfinans 11¾ 87 | 50 | 100⅛ | 100⅝ | 0 | +0⅞ | 11.08 |
| Eksportfinans 9½ 87 | 75 | 94⅝ | 95⅛ | — | — | 10.57 |
| Elec. de France 10 88 | 125 | 96⅞ | 97⅜ | 0 | +0⅛ | 10.60 |
| Export Dv. Cpn. 9¾ 84 | 150 | 96⅞ | 97⅜ | +0⅛ | 0 | 10.62 |
| Export Dv. Cpn. 12¾ 87 | 100 | 106⅝ | 107⅛ | 0 | +1⅛ | 11.19 |
| Export Dev. Cpn. 9½ 86 | 150 | 96⅞ | 97⅛ | — | — | 10.24 |
| Federal Dev. Bk. 12¼ 85 | 75 | 104⅛ | 104⅝ | +0⅛ | +0⅛ | 11.02 |
| Fin. Exp. Credit 10¼ 85 | 50 | 98⅞ | 99⅜ | — | — | 10.80 |
| Finland Rep. of 9½ 86 | 100 | 93½ | 94 | 0 | +0⅛ | 11.01 |
| Ford O/S Fin. 12¾ 85 | 250 | 100⅜ | 100⅞ | +0⅛ | +0⅞ | 12.42 |
| Graton Weston 13½ 87 | 30 | 102¼ | 102¾ | 0 | +0⅛ | 12.91 |
| GMAC 9¾ 86 | 100 | 93⅜ | 93⅞ | 0 | +1⅛ | 10.75 |
| GMAC O/S Fin. 11 84 | 100 | 99⅝ | 100⅛ | −0⅛ | 0 | 11.00 |
| GMAC O/S Fin. 13¾ 85 | 100 | 105⅞ | 106⅜ | 0 | +0⅛ | 11.60 |
| Goodyear O/S 12½ 87 | 75 | 99¼ | 99¾ | +0⅛ | +1 | 12.60 |
| Hudson's Bay 11½ 90 | 75 | 98⅞ | 99⅜ | +0⅛ | +0⅛ | 11.69 |
| IBM Canada 10½ 85 | 50 | 100¼ | 100¾ | +0⅛ | +0⅛ | 10.36 |
| ICI Fin. Ned. 11 85 | 100 | 100⅜ | 100⅞ | +0⅛ | +0⅞ | 10.72 |
| McGraw 13½ 85 | 75 | 102¼ | 102¾ | 0 | +0⅛ | 12.74 |
| Norwest Ind. 13⅝ 87 | 50 | 101⅛ | 101⅝ | +0⅛ | +0⅛ | 13.22 |
| Pembroke Capital 9¾ 87 | 100 | †95¼ | 95¾ | — | — | 10.56 |
| Pemex 11½ 88 | 100 | 98⅜ | 98⅞ | +0⅛ | +0⅞ | 11.77 |
| Quebec Hydro 11½ 92 | 100 | 97½ | 98 | 0 | −0½ | 11.86 |
| Royloase Ltd. 11¼ 85 | 50 | 100⅜ | 101⅛ | +0⅛ | +0⅛ | 11.00 |
| SNCF 12¾ 85 | 50 | 104½ | 105 | 0 | +0⅛ | 11.04 |
| Swed. Ex. Cred. 12½ 85 | 40 | †103⅛ | 103⅝ | −0⅛ | −0⅞ | 11.52 |
| Sweden 9¾ 84 | 100 | 97⅛ | 97⅝ | +0⅛ | −0½ | 10.52 |
| World Bank 9¾ 85 | 200 | 98⅛ | 98⅝ | — | — | 10.18 |
| World Bank 10⅛ 87 | 300 | 98⅛ | 98⅝ | — | — | 10.53 |

Average price changes .. on day +0⅛ on week +0⅞

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Akzo 9 90 | 125 | 102 | 102½ | +0½ | 0 | 8.63 |
| Australia 8¼ 90 | 250 | 101⅞ | 102⅜ | +0⅛ | +0¼ | 7.77 |
| BFCE 7¾ 87 | 100 | 99 | 100 | 0 | 0 | 7.84 |
| BFCE 8¼ 95 | 100 | 99½ | 100¼ | 0 | −0¼ | 8.16 |
| Brazil 8 87 | 150 | 93½ | 94¼ | 0 | +0¼ | 9.19 |
| CECA 7 91 | 150 | 92⅛ | 92⅞ | 0 | −0⅞ | 8.06 |
| Council of Eur. 7¾ 89 | 100 | 94⅝ | 95⅛ | +0½ | +0¼ | 8.06 |
| Denmark 7⅞ 86 | 100 | 97⅝ | 98⅛ | −0⅛ | −0¼ | 8.29 |
| Denmark 8¾ 92 | 100 | 98¾ | 99¼ | +0⅛ | −0⅛ | 8.34 |
| EEC 7⅞ 94 | 225 | 98⅛ | 98⅞ | +0⅛ | −0¼ | 8.05 |
| EIB 7½ 89 | 200 | 95⅞ | 96⅜ | −0¼ | −1 | 8.10 |
| Finland Rep. of 8 86 | 150 | 98⅞ | 99⅜ | 0 | 0 | 8.14 |
| Kobe, City of 7¾ 89 | 150 | 94⅞ | 95⅜ | −0½ | −1⅛ | 7.86 |
| Kobe, City of 8 90 | 100 | 100⅛ | 100⅞ | — | — | 7.92 |
| Mt. Bk. Denmark 8½ 90 | 150 | 99½ | 100¼ | — | — | 8.52 |
| Norway 7½ 85 | 250 | 99⅛ | 99⅞ | +0⅛ | −0½ | 7.62 |
| OKB 7¾ 89 | 100 | 96⅛ | 96⅞ | +0½ | +0¼ | 7.92 |
| Oslo, City of 8¾ 90 | 80 | 102 | 102½ | 0 | +0⅛ | 8.39 |
| Sweden 9¾ 87 | 200 | 106⅞ | 107⅜ | +0⅛ | +0⅛ | 8.29 |
| World Bank 7¾ 91 | 400 | 96½ | 97¼ | −0⅛ | −1 | 8.19 |
| World Bank 7⅞ 90 | 250 | 98⅛ | 98⅞ | +0½ | −0¼ | 8.10 |
| World Bank 10 86 | 150 | 107⅛ | 108 | +0⅛ | −0⅛ | 8.28 |
| World Bank 10 90 | 200 | 111⅛ | 111⅞ | +0⅞ | −0⅛ | 8.24 |

Average price changes.. on day +0⅛ on week −0¼

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | 93⅜ | 94½ | −0¼ | −2 | 6.38 |
| Bergen, City of 4¾ 91 | 40 | 95¼ | 95¾ | 0 | −0⅛ | 5.30 |
| Bergen, City of 6 90 | 50 | 103 | 103¼ | −0⅛ | +0⅛ | 5.58 |
| BNDE 5 89 | 75 | 86¾ | 87¾ | −0¼ | −5¾ | 6.98 |
| BMW Overseas 4¾ 91 | 100 | †91½ | 92 | −0¼ | −1⅞ | 5.24 |
| Buhrm'n-Tetterode 7 90 | 40 | 105¼ | 105¾ | 0 | −0⅛ | 6.25 |
| Caisse Nat. Tels. 4¾ 89 | 100 | 94¼ | 95 | −0⅛ | −0⅛ | 5.13 |
| Copenhagen 4½ 91 | 60 | †91 | 91½ | 0 | 0 | 5.57 |
| Council of Eur. 5 89 | 100 | 94¼ | 95¼ | +0⅛ | −0⅛ | 5.74 |
| Denmark 5¾ 90 | 80 | 99¾ | 100¼ | — | — | 5.76 |
| EIB 4½ 91 | 100 | 91⅞ | 92⅛ | +0½ | −1⅛ | 5.52 |
| EIB 4¾ 94 | 100 | 87½ | 88 | 0 | 0 | 5.66 |
| Elet. de France 4¾ 89 | 100 | 94½ | 95 | 0 | −0⅛ | 5.11 |
| GZB 4¼ 83 | 100 | 92¼ | 92¾ | 0 | +0¼ | 5.29 |
| Hilti 4½ 91 | 35 | 94⅜ | 95¼ | +0¼ | +0⅛ | 4.83 |
| Int.-Amer. Dev. 4½ 89 | 100 | 91⅞ | 92⅛ | +0⅛ | −0⅛ | 5.67 |
| Int.-Amer. Dev. 7 90 | 80 | 106⅜ | 106¾ | +0⅛ | 0 | 6.10 |
| Jutland Tele 5½ 90 | 50 | 100½ | 101 | −0¼ | 0 | 5.39 |
| Malaysia 6 89 | 80 | †89½ | 90 | +0⅛ | −0⅛ | 6.50 |
| Newag 5¾ 90 | 80 | 101⅞ | 102¼ | — | — | 5.48 |
| Nippon Tel. & T 4¾ 89 | 100 | 94⅜ | 95¼ | +0⅛ | −0⅛ | 4.93 |
| Nordic Bank 5 89 | 45 | 95 | 96 | −0¼ | −0⅛ | 5.65 |
| Norges Komm. 4½ 91 | 100 | †93 | 93½ | 0 | 0 | 5.18 |
| OKB 4½ 91 | 100 | 90 | 90½ | −0½ | −0½ | 5.56 |
| OKB 6 90 | 100 | 103½ | 103⅞ | −0¼ | −0½ | 5.60 |
| Oslo, City of 4½ 91 | 100 | 89⅛ | 90¼ | 0 | −0⅛ | 5.59 |
| Sekisui Pre. Hms. 6 90 | 80 | 102 | 102½ | — | — | 5.70 |
| Shikoku El. Pwr. 4¾ 89 | 100 | 95¼ | 96¼ | 0 | +0¼ | 5.31 |
| World Bank 4¾ 89 | 100 | 96 | 96¾ | −0⅛ | +0⅛ | 5.13 |
| World Bank 4½ 89 | 150 | †92 | 92½ | 0 | 0 | 5.46 |
| World Bank 4¾ 91 | 100 | †93 | 93½ | 0 | −0⅞ | 5.43 |

Average price changes... on day 0 on week −0½

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.6 83 | 30 | 91⅞ | 92⅞ | −0¼ | −0⅛ | 8.37 |
| Australia 6½ 83 | 20 | 87½ | 88½ | −0⅛ | −1⅛ | 8.71 |
| EIB 7½ 80 | 12 | 96½ | 97¼ | −0⅛ | +0⅛ | 8.20 |
| Finland 5.6 83 | 10 | 91⅛ | 92⅛ | 0 | +0½ | 8.62 |
| Finland 6.8 88 | 10 | 88¼ | 89¼ | −0⅛ | −1⅛ | 8.92 |
| Finland, Rep. of 8¼ 87 | 15 | 97½ | 98¼ | 0 | −0¼ | 8.79 |

Average price changes... on day −0⅛ on week −0⅞

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Bell Canada 10¾ 86 C$ | 60 | 95¼ | 96¼ | 0 | −0⅛ | 11.86 |
| CIBC 13½ 85 C$ | 80 | 103½ | 104 | −0⅛ | −0⅞ | 12.40 |
| CIBC 11½ 85 C$ | 60 | 97⅞ | 98⅛ | — | — | 12.01 |
| Cr. Foncier 10¾ 84 C$ | 30 | †92½ | 93½ | +0½ | +0¼ | 12.60 |
| Federal Dev. 11½ 90 C$ | 60 | 96¾ | 97⅞ | — | — | 12.03 |
| Fst. Can. Inv. 10 84 C$ | 50 | 94 | 94½ | 0 | −0⅛ | 11.82 |
| GMAC 12 85 C$ | 50 | †99 | 99½ | 0 | 0 | 12.20 |
| R. Bk. Canada 10 88 C$ | 40 | 94⅛ | 94⅞ | +0⅛ | 0 | 11.35 |
| Tordom Cpn. 13½ 85 C$ | 30 | 103½ | 104 | 0 | −0⅛ | 12.40 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 94 | 95¼ | 0 | [illegible] | [illegible] |
| SOFTE 8¾ 89 EUA | 40 | 86½ | 88¼ | +0⅛ | 0 | 10.61 |
| U. Bk. Nrwy. 9½ 90 EUA | 18 | 98⅛ | 99½ | +0⅛ | +0⅛ | 9.61 |
| Algemene Bk. 8¾ 84 Fl | 75 | 95¼ | 95¾ | −0⅛ | −0⅛ | 9.92 |
| Algemene Bk. 10½ 87 Fl | 400 | 99¾ | 100¼ | — | — | [illegible] |
| Ned. Gasunie 8¾ 84 Fl | 50 | 100 | 100½ | +0⅛ | +0⅛ | [illegible] |
| Ned. Middbk. 8¾ 84 Fl | 75 | 96 | 96½ | −0⅛ | +0⅛ | [illegible] |
| Norway 8½ 84 Fl | 100 | 96⅛ | 97⅛ | −0½ | −0⅛ | [illegible] |
| Philips Lamps 8¾ 84 Fl | 75 | 97 | 97½ | 0 | −0⅛ | [illegible] |
| Air France 11 84 FFr | 120 | 95 | 96⅛ | 0 | 0 | 12.51 |
| CFCA 14¾ 85 FFr | 150 | 105⅛ | 106⅛ | +0⅛ | +0⅛ | 12.81 |
| Euratom 9¾ 87 FFr | 150 | 85⅛ | 86⅛ | +0⅛ | +0⅛ | 12.98 |
| Finland 11 84 FFr | 80 | 94 | 95¼ | 0 | 0 | 12.86 |
| Finland 11½ 80 FFr | 70 | 92½ | 93⅛ | 0 | 0 | 12.8 |
| Gaz de France 11 84 FFr | 150 | 94⅛ | 95⅛ | 0 | +0⅛ | 12.61 |
| IBM France 11¾ 84 FFr | 120 | 97⅛ | 98⅛ | 0 | +0⅛ | 12.48 |
| Renault 9¾ 85 FFr | 100 | 86⅛ | 87⅛ | 0 | +0⅛ | 13.11 |
| Saint-Gobain 9¾ 85 FFr | 130 | 85⅛ | 86⅛ | 0 | +0⅛ | 13.28 |
| Solvay et Cie 9¾ 87 FFr | 125 | 84⅛ | 85⅛ | 0 | 0 | 13.37 |
| Beneficial Fin. 14¾ 90 £ | 20 | 100⅛ | 101⅛ | +0⅛ | +0⅛ | 14.8 |
| Citicorp O/S 13½ 90 £ | 50 | 99⅛ | 100⅛ | +0⅛ | +1 | 13.8 |
| EIB 11½ 91 £ | 25 | 94⅛ | 95 | +0⅛ | +3⅛ | 12.42 |
| Fin. for Ind. 12½ 89 £ | 30 | 95⅛ | 96⅛ | +0⅛ | −0⅛ | 13.38 |
| Fin. for Ind. 14½ 88 £ | 20 | 103½ | 104⅛ | +0⅛ | +0⅞ | 13.63 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 98 | 98⅛ | −1⅛ | +1⅛ | 12.72 |
| Swed. Ex. Cr. 15¾ 85 £ | 20 | 104⅛ | 104⅞ | −0⅛ | +0⅞ | 13.86 |
| Indonesia 8¾ 91 KD | 7 | †93 | 93½ | 0 | 0 | 9.78 |
| Mitsubishi 7½ 84 KD | 10 | †92½ | 93 | 0 | 0 | 9.78 |
| Norcos Kom. 7½ 89 KD | 12 | †93⅛ | 93⅞ | −1⅛ | 0 | 8.86 |
| Occidental 8¾ 91 KD | 7 | †90⅛ | 90⅞ | 0 | 0 | 9.70 |
| Akzo 9½ 87 LuxFr | 500 | 94⅛ | 95⅛ | 0 | +0⅛ | 10.19 |
| Euratom 8 87 LuxFr | 500 | 89⅛ | 90⅛ | 0 | −0⅛ | 10.14 |
| Euratom 9¾ 88 LuxFr | 500 | 98⅛ | 99⅛ | 0 | +0⅛ | 10.01 |
| EIB 9¾ 88 LuxFr | 600 | 97⅛ | 98⅛ | 0 | +0⅛ | 10.09 |
| Volvo 9¾ 87 LuxFr | 500 | 96⅛ | 97⅛ | 0 | 0 | 10.33 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bk. 5¼ 87 | 0⅛ | 97⅛ | 98⅛ | 2/7 | [illegible] | 15.43 |
| Bank of Ireland 5¾ 89 | ‡0⅛ | 98 | 98⅛ | 21/8 | 9.81 | 12.02 |
| Bank of Tokyo 5¼ 89 | ‡0⅛ | 97⅛ | 97⅞ | 25/10 | 15.56 | 16.37 |
| Barclays O/S Inv. 5 90 | 0⅛ | 97⅛ | 98⅛ | 13/12 | [illegible] | 8.81 |
| Bergen Bk. A/S 6 89 | ‡0⅛ | 97 | 97½ | 29/8 | [illegible] | 10.28 |
| Bilbao Int. NV 5¾ 90 | 0⅛ | 96⅛ | 97⅛ | 29/11 | 8.08 | 10.36 |
| Bque. Indo Suez 5¾ 89 | 0⅛ | 98⅛ | 98⅞ | 11/7 | 15.69 | 14.93 |
| Citicorp O/S F. 83 | §‡0 | 98⅛ | 99⅛ | 23/8 | [illegible] | 10.29 |
| Citicorp O/S F. 84 | ‡0 | 97⅛ | 98⅛ | 30/7 | [illegible] | 9.87 |
| C. Itoh 5¾ 87 | 0⅛ | 99½ | 100 | 18/9 | 19.06 | 19.43 |
| Co-operative Bk. 6 86 | 0⅛ | 88⅛ | 98⅛ | 15/11 | 11.44 | 11.63 |
| Creditanstalt 5½ 91 | §‡0⅛ | 96⅛ | 97⅛ | 14/9 | 9.4 | 9.73 |
| CNT 5¾ 86 | §0⅛ | 100⅛ | 101⅛ | 16/10 | 18 | 17.97 |
| GZB 5½ 89 | ‡0⅛ | 97⅛ | 98⅛ | 1/8 | 15 | 15.54 |
| Jugobanka 8 89 | 0⅛ | 90⅛ | 92⅛ | 23/11 | 11⅛ | 12.76 |
| Ind. Bank Japan 5½ 87 | 0⅛ | 100⅛ | 100⅝ | 15/10 | 18⅛ | 18.68 |
| Lloyds Eurofin 8 90 £ | 0⅛ | 97⅛ | 97⅛ | 3/7 | 8⅛ | 8.21 |
| LTCB Japan 5¾ 86 | 0⅛ | 98⅛ | 98⅛ | 13/12 | 9⅛ | 9.77 |
| LTCB Japan 5½ 89 | 0⅛ | 98 | 98½ | 7/12 | 10⅛ | 10.31 |
| Mtrs. Han. O/S 5¾ 94 | ‡0⅛ | 97⅛ | 97⅛ | 31/8 | 9⅞ | 10.14 |
| Midland Intl. Fin. 5 89 | 0⅛ | 99⅛ | 99⅞ | 20/12 | 9⅛ | 9.64 |
| Midland Intl. Fin. 5¾ 92 | 0⅛ | 98⅛ | 98⅞ | 5/12 | 10⅛ | 11.03 |
| Nacional Fin. 6¾ 86 | 0⅛ | 98⅛ | 98⅛ | 25/7 | 14.69 | 14.91 |
| Nat. West. 5¾ 94 | §0⅛ | 99⅛ | 100⅛ | 11/10 | 18⅛ | 18.63 |
| Nippon Credit 6½ 86 | 0⅛ | 97⅛ | 97⅞ | 12/7 | 14.44 | 14.63 |
| Nippon Credit 5¾ 87 | ‡0⅛ | 97⅛ | 98⅛ | 6/8 | 14⅛ | 15.67 |
| Royal Bk. Scot. 5¾ 94 | §‡0⅛ | 98⅛ | 98⅞ | 11/7 | 19⅛ | 19.72 |
| Soc. C. de Baue. 6½ 87 | 0⅛ | 100⅛ | 100⅛ | 3/10 | 20.06 | 19.88 |
| Sonenal 5¾ 89 | §0⅛ | 97⅛ | 98⅛ | 13/7 | 14.4 | 14.71 |
| Standard Chart. 5¾ 90 | 0⅛ | 100⅛ | 101⅛ | 6/9 | 17⅛ | 17.10 |
| Sweden 8¾ 91 | ‡0⅛ | 96⅛ | 97⅛ | 18/10 | 18⅛ | 19.28 |
| Williams & Glyn 5¾ 91 | 0⅛ | 99⅛ | 100⅛ | 14/9 | 18⅛ | 18.52 |
| Bq. E. d'Alq. 4¾ 89 SF | 0⅛ | 91⅛ | 92⅛ | 18/12 | 5⅛ | 5.68 |

Average price changes... on day 0 on week −0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Akt'bolag 7¾ 89 | 10/79 | 145 | †118½ | 119½ | +0⅛ | 2.13 |
| Ajinomoto 7¾ 95 | 2/80 | 515.5 | 109⅛ | 110⅛ | +0⅛ | 0.65 |
| Alco Int. Fin. 9½ 94 | 1/80 | 40 | 93⅛ | 95 | +0⅛ | 0.17 |
| Apache I. Fm. 8¾ 95 | 12/80 | 21.12 | 111⅛ | 113 | +0⅛ | 3.63 |
| Asahi Optical 7 94 | 11/79 | 526.1 | 100 | 101 | 0 | 3.84 |
| Canon 6¾ 94 | 8/79 | 570 | 110 | 111 | +0⅛ | 3.35 |
| Credit Suisse 4¾ 93 | 10/79 | 1278 | 102⅛ | 103⅛ | +0⅛ | 4.11 |
| Daiei Inc 6½ 94 | 11/79 | 927.3 | 97⅛ | 98⅛ | +0⅛ | 2.63 |
| DDKK 11 90 | 4/80 | 324 | 111⅛ | 112⅛ | −0⅛ | 15 |
| Dynalectron 9½ 95 | 8/80 | 12.22 | 115 | 116⅛ | +0⅛ | 25 |
| Enserch Fin. 9½ 94 | 7/80 | 30.25 | 120⅛ | 121⅛ | +2⅛ | 20 |
| LPC Internatnl. 8 89 | 9/79 | 23.33 | †110 | 111⅛ | 0 | 66 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 102⅞ | 103⅞ | +1⅛ | 64 |
| Mitsubishi Co. 6½ 94 | 10/79 | 549.1 | 125 | 126⅛ | −0⅛ | 26 |
| Nippon Seiko 7¾ 94 | 12/79 | 339 | †112⅛ | 113⅛ | 0 | 12 |
| Nitto Elec. Ind. 6 94 | 7/79 | 735 | 86 | 87⅛ | −1⅛ | 66 |
| Toshiba Con. 7½ 94 | 10/79 | 198 | 102 | 103 | +0⅛ | 17 |
| Union Bk. Switz. 5 89 | 2/80 | 121.4 | 97 | 98⅛ | +0⅛ | 43 |
| Fujitsu 5 84 DM | 7/79 | 479 | 100⅛ | 101⅛ | +0⅛ | 8.8 |
| Kansai Elec. 4 34 DM | 4/79 | 1234 | 87⅛ | 88⅛ | −0⅛ | 39.3 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 96⅛ | 97⅛ | 0 | 26.6 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذامن الأجيال

# INTL. COMPANIES & FINANCE

## Go-ahead by Luxembourg for dollar CD market

BY DUNCAN CAMPBELL-SMITH

A DOLLAR certificate of deposit (CD) market in Luxembourg has been given the go-ahead by the Duchy's banking commissioner. Consent was given yesterday in a circular to the Luxembourg bankers and a number of issues already appear imminent.

Formal proposals for the new market have been under official consideration since February, when the Bank of England issued a notice to the London dollar CD market that, in line with the abolition of UK exchange controls, dealers would no longer be restricted to trading the issues of London banks.

This opened the way for overseas financial centres to develop their own international dollar CD markets in the knowledge that secondary market trading in the paper would be supported by the participation of London dealers.

Luxembourg has always been the most likely newcomer to the Eurodollar CD market, with its concentration of international banks' subsidiaries and established Euromarket clearing house facilities. The authorities have stipulated a minimum maturity of one month and a minimum size of $50,000 for any new issue, which will be governed by Luxembourg law. They will also need to be satisfied that a prospective new issue will have an active secondary market with at least one market maker within Luxembourg.

No specific reference has been made to the currency denomination of new issues, but they will need to have been cleared by the appropriate central banking authorities. This will effectively limit the market to dollars, though composite currencies such as the Special Drawing Right (SDR) remain a possible alternative.

The new market promises to be an important additional source of funds for a number of major international banks which have Luxembourg subsidiaries but no London branch. Several prominent German and Scandinavian banks are in this position.

Another key attraction of the Luxembourg market could be its access to continental retail investors, particularly in Switzerland. Their relative importance in the London CD market has declined significantly since 1975 as London's sales to U.S. investors have grown.

London market dealers said last night that they would watch with interest to see whether the continental parent banks of Luxembourg's subsidiaries will take this opportunity to increase the participation of their private clients in the international CD market.

## Receivership for Franco-Belge

BY TERRY DODSWORTH IN PARIS

FRANCO-BELGE, one of France's largest railway rolling stock manufacturers, has gone into receivership after a period of heavy losses and falling orders on the home market.

The Paris commercial court has given the receiver eight days to sort out the future of the company, which employed some 2,400 workers in one of France's worst unemployment blackspots near Valencienne in the north of the country.

It is widely expected that Franco-Belge's collapse will lead to a general reorganisation of this sector of French industry, possibly with some Government help. The country's rolling stock manufacturers — which include Alsthom, Arbel and ANF — have surplus capacity for current needs and there have been strong rumours that Franco-Belge's activties could be taken over by some or all of these competitors.

Franco-Belge is owned by the Herlicq group, an engineering concern based in northern France. Herlicq took its majority stake in the company in 1962 during a period of financial difficulty, and since then has managed to expand Franco-Belge's business both at home and overseas.

In the last two years, however, Franco-Belge has run into further financial problems, with losses rising from FFr 1m in 1978 to more than FFr 50m ($12.3m) last year. At the same time its debts have also been growing and the Government has apparently rejected appeals to come directly to its help.

The expansion of Franco-Belge in the last two years has demonstrated the strength of this sector of French industry. In the mid-1960s, the company won a big contract for 8,000 goods wagons from the nationalised French railway authority. It has since gained several big orders for underground carriages to support the renewal and expansion of the system in the Paris region.

On top of these domestic orders, it recently won a contract to supply more than 3,000 wagons to East Germany. But at the same time, the home market has begun to turn down. In particular, the railways have cut their goods wagons orders, thus hitting directly an area of the industry in which Franco-Belge has specialised.

● Total volume of new issues on the French capital market more than doubled in the first five months of this year to FFr 61.38bn ($15.05bn) from FFr 29.76bn, figures published by Credit Lyonnais show. New issues of bonds accounted for 88 per cent of the total.

In the month of May new issues of securities totalled FFr 14.51bn, an increase of 173.3 per cent on the May 1979 figure of FFr 5.310bn. The sharp increase reflected a 222.8 per cent rise in the volume of new bond issues to FFr 13.24bn.

## Swedish forest group may break even

By Our Nordic Editor

HIGHER PULP prices may enable Södra Skögsägarna, the south Swedish forest owners' company, to break even in 1980, according to Mr. Göran Ekelund, its managing director.

Mr. Ekelund says the profit outlook at the half-way stage is brighter than had been expected, pointing to a final result "close to zero before allocations." But he added reservations about increases in timber prices and a further decline in the exchange rate against the dollar, in which pulp prices are quoted.

Last year Södra, in which the Swedish state has a 40 per cent interest, returned a loss of SKr 131m ($31.6m) before allocations and tax on sales of SKr 3.3bn.

The loss was a SKr 143m improvement on the previous year and included a SKr 134m write-off of assets.

Mr. Ekelund says the sawn timber operation is doing better than budgeted but that losses on the packaging plants, which are being closed down, will be larger than previously calculated. The Klippan division, which produces fine and tissue papers, has been badly hit by the Swedish strikes in May.

## Kvaerner forecasts little change in annual profit

BY WILLIAM DULLFORCE IN STOCKHOLM

KVAERNER, the Norwegian heavy engineering, shipbuilding and offshore construction group, has reported pre-tax earnings of NKr 12m ($2.45m) for the first four months of the year on sales ahead by almost 43 per cent to NKr 664m ($136m).

No comparative profit figure is given for the corresponding period last year and the company comments that the NKr 12m shown for January-April this year gives a misleading impression of profit development, because sales are invoiced irregularly over the year.

The 1980 result before allocations should be the same as last year's NKr 109m, the interim report states. Turnover for the whole year should be "somewhat higher" than the NKr 2.5bn recorded last year.

The NKr 109m profit of 1979 was struck after only NKr 6m in extraordinary income. In May this year Kvaerner sold its share in a LPG carrier for a "satisfactory profit" of NKr 108m.

That sale reduced the group's long-term borrowings for its shipping interests by NKr 84m, but Kvaerner has recently set up a new company to own a LNG carrier which it has taken over from a shipowner and which it will fit with new engines at its Moss yard. Kvaerner has a 45 per cent share in this company. The investment in the LNG carrier is about NKr 160m, of which NKr 140m is financed by loans.

The group notched up new orders valued at NKr 975m in the first four months compared with NKr 590m in the corresponding period last year and had an order book of a little more than NKr 2bn at the end of the period.

● The total net supply of domestic bonds quoted on the Copenagen stock exchange fell to DKr 50.36bn ($9.24bn) in the 12 months to the end of May from DKr 60.50bn in the corresponding period, reports Reuter.

The supply of ordinary first mortgage credit bonds rose to DKr 22.37bn from DKr 20.03bn, special second mortgage bonds rose to DKr 15.8bn from DKr 13.61bn, while Government bonds fell to DKr 11.93bn from DKr 24.81bn.

Other bonds accounted for DKr 249m against DKr 2.04bn in the 1978-79 period. The total net supply for May rose to DKr 6.78bn from DKr 4.86bn previously.

## Successful share issue for Wereldhave offshoot

BY CHARLES BATCHELOR IN AMSTERDAM

WERELDHAVE, THE Dutch property group, is to go ahead with its proposed real estate investment trust, West World Holdings, after a successful share issue.

Enough investors have bought shares in West World for it to gain the necessary tax status, Wereldhave explained. At least 100 permanent shareholders are required for this purpose under U.S. law.

West World, which will act as a vehicle for Wereldhave's U.S. property interests, will have an initial capital of $60m. Private investors and institutions, including mortgage bank Westland Utrecht Hypotheekbank, have taken up shares worth $25m and Wereldhave has subscribed $35m, which corresponds to the value of the assets which Wereldhave has put into West World.

Westland Utrecht, which has developed its U.S. property activities closely with those of Wereldhave, has agreed to eventually take up at least $210m worth of shares, some of which will be placed with institutions.

Wereldhave said last month that West World would issue between $50m and $100m of capital. It ultimately hopes to have a $500m portfolio of property in the U.S., of which $200m would be funded by West World's own resources. Wereldhave will maintain a stake of at least 35 per cent.

West World's shares will not be listed. At the end of last year Wereldhave's group investments totalled Fl 950m ($495m) of which around 20 per cent was based in the U.S.

## Shell Italia completes Jet deal

By Our Financial Staff

SHELL ITALIA Spa said that it had bought from Continental Oil Company of Italy (Conoco) its 170 Jet petrol stations in northern Italy and its lubricating oil sales network for an unspecified sum.

Shell Italia, which is owned by Italy's state-controlled ENI oil group, said that it would also take on the staff employed in the Conoco networks.

Shell Italia said that the purchase of Conoco's Italian interests is a further step in its policy of diversification. It has already entered the sectors of chemicals, coal, products for agriculture, industrial and transport lubricants and marine and aviation products.

## Further fall for Dragados

BY OUR MADRID CORRESPONDENT

DRAGADOS, SPAIN'S largest construction company and civil contractors, has seen 1979 pre-tax profits squeezed to Pta 1bn ($14m). This is the third year in succession that overall profitability has declined, the main drop having occurred in 1978.

During the past three years cash flow has fallen from Pta 5.9bn to Pta 5.3bn, reflecting sharply increased overheads and financial costs plus the depressed domestic demand in construction. Financial costs more than doubled during this period to Pta 1.5bn. Amortisations have decreased in overall value, down from Pta 1.8bn to Pta 1.1bn. Nevertheless, the company has decided to hold the amount payable for dividends steady at Pta 688m although the provision for reserves in 1979 was only Pta 36m against Pta 360m the previous year.

During the year the value of work completed rose eight per cent to Pta 73bn. Of this, 16 per cent was accounted for by work overseas. Dragados also operates outside Spain through joint ventures and affiliates and total turnover of the group was worth Pta 82bn.

After the bleakness of 1979 Dragados is hoping for a slight improvement and work undertaken suggests the year's total could reach almost Pta 100bn.

## German bourse activity rises

FRANKFURT—Turnover on the Frankfurt bourse rose in the first half of 1980 to DM 19.5bn from DM 15.3bn, a gain of 27 per cent.

The bourse authorities said that turnover in June was up 1.4 per cent on the previous month at DM 3.49bn.

Fixed-interest securities attracted deals totalling DM 12.4bn over the six months against DM 8.9bn, while share trading improved to DM 7.1bn from DM 6.4bn.

June trading in fixed-interest securities was down 2 per cent at DM 2.31bn, while share turnover was up 8.7 per cent at DM 1.18bn. Most heavily traded equities were Siemens, BASF, Deutsche Bank, Bayer and Hoechst.
Reuter.

هكذا من الأصل

Companies and Markets

# INTL. COMPANIES & FINANCE

## Hitachi group lifts sales and earnings

By Yoko Shibata in Tokyo

HITACHI, Japan's leading electric and electronics equipment maker, and its 40 subsidaries enjoyed a record year in fiscal 1979 ended March 1980. Hitachi's consolidated sales increased by 14 per cent to a record of Y2,945bn ($13.4bn), while net profits rose 19 per cent to Y115.19bn ($524m).

Per share profits were Y43.87, against Y37.23. The parent company contributed Y1,698bn, or 58 per cent, to the consolidated sales, showing a rise of 13 per cent, and the parent net profit rose 41 per cent to contribute Y53.1bn, or 46 per cent, to the consolidated net income.

Reflecting private capital investment, the industrial machinery sector and the communications, electronic equipment and measuring instrument sector achieved sales growth rates of 15 per cent and 17 per cent respectively.

Semiconductors, in particular, showed vigorous growth, with sales rising 30 per cent to Y130bn, and integrated circuits (ICs), achieving a 60 per cent sales growth. The semiconductor manufacturing capacity cannot keep up with demand. However, the company is awaiting capacity expansion.

The computer section achieved a sales gain of 14 per cent to Y216bn, and provided buoyant earnings because of high added value.

For the current fiscal year, ending March, 1981, the company expects a 10 per cent growth in sales, to Y3,239bn. In consolidated net earnings in the first half fiscal year, the company is certain of achieving more than the previous fiscal year's level. But it is uncertain about the latter half of the year, because of factors such as rising materials prices, exchange rate fluctuation and the U.S. recession.

The company envisages capital outlays of Y147.1bn in the current year, up 22 per cent over last year. The capital spending lays stress on industrial electronics.

## Associated Plastics ahead

By Wong Sulong in Kuala Lumpur

ASSOCIATED PLASTICS Industries, Malaysia's biggest plastic manufacturer, has reported a recovery in profits. For the year to December, the group's pre-tax earnings were 1.4m ringgit (US$650,000), compared with 48,000 ringgit in 1978. Sales rose from 23.6m to 28.2m ringgit (U.S.$9.4m).

The group improved its performance despite the sharp increases in raw materials and disruption in supply.

Associated Plastics Industries has recently applied to the Kuala Lumpur Stock Exchange to lift a two year suspension of its shares.

OIL MONEY RECYCLING

## Arab banks go downstream

BY DUNCAN CAMPBELL-SMITH

IN OIL industry parlance, bankers in the Middle East are intent on "downstreaming" the financial activities of the region. Two international conferences in June on OPEC recycling left few participants in any doubt that Arab banks intend to play a much greater role in the future than they did in the 1970s.

A second message received loud and clear at these conferences, though, was rather different. OPEC Government bodies are not disposed to taking on a much greater share of the recycling burden than is already borne by the Arab funds and development banks. This means that although the capital of Arab-backed banks may be reinforced, they will not necessarily receive substantially larger infusions of Arab official deposits. Arab countries will continue to deposit the bulk of their surpluses conservatively with well-established Western banks.

Some Arab banks already have the advantage of huge capital backing, like the Arab Banking Corporation (ABC) set up earlier this year with an authorised capital of $1bn and described by its chief executive, Mr. Abdullah Saudi, as "a bank of the banks." One or two also have the benefit of significant deposits from Government shareholders, for example the National Bank of Abu Dhabi, which ended 1979 with deposits of $4.5bn (and loans of only $1.2bn).

But most Arab banks must nevertheless look to the established interbank markets to fund their syndicated credit operations. They will continue to participate in the market on Western terms and to assume no favoured access to Arab government funds.

"We intend to seek a more prominent role internationally," says Mr. Andreas Prindl, the new chief executive of Saudi International Bank, which is 50 per cent owned by the Saudi Arabian Monetary Authority (SAMA).

Arab banks have made significant progress over the past several months. Probably Arab banks in all do not account for more than $15bn-$20bn of Euromarket syndicated lending, at the most. This is small beer in terms of the total of syndicated Eurocredits, which now runs into several hundred billions.

But the contribution is said to be growing rapidly. Three Arab consortia are now among the top 50 syndication managers in the market — Gulf International Bank, European Arab Bank and Arab African International Bank. Arab Banking Corporation is at present taking participations at a rate which will soon put it in this number.

**Some Arab banks already have the advantage of huge capital backing, but most must nevertheless look to the established interbank markets to fund their syndicated credit operations.**

Leading regional banks from the Middle East, most notably national Commercial Bank of Saudi Arabia and National Bank of Kuwait, have offices in London or plan to open offices soon. Wall Street offices are their next priority.

The Arab bid for a greater presence in multinational finance is a natural extension of the growing sophistication of Arab banks in their home markets. Bahrain has an accomplished record as a Eurocurrency trading and loan bookkeeping centre. New corporate finance expertise and a search for fee income characterise the development of banking in Saudi Arabia, Kuwait and the UAE.

Another motive must be the need to find new ways of using the rapidly accumulating funds of the Organisation of Petroleum Exporting Countries.

The scale of capital investment in Arab Banking Corporation, as in other new bodies like the Arab Reinsurance and Insurance Group with capital of as much as $3bn, suggests the relief with which OPEC officials now greet any opportunity of sharing with responsible Arab third parties the daunting task of deciding what to do with the mounting surpluses.

There is talk in Kuwait of an energy bank to provide trade, working capital and project finance to deficit countries of the Third World. It would be expected to make a reasonable return on capital of perhaps $40m, probably half-owned by the Government. This idea appeals to the Kuwaitis as a means of participating directly in the recycling process and on a discretionary basis, on which clients would not expect to receive the equal credit terms usually found in the crude oil markets.

Margins in the syndicated credit markets are still very fine. So there will be little room for Arab banks to undercut Western competitors. They can, however, appear aggressive simply by dint of compiling portfolios where other banks have already reached their credit limits.

They could take this initiative further by applying a different perspective to country credits. By giving more weight to political factors they might broaden the market's view of eligible borrowers to include those with a reasonable record of stability, say Jordan, but rather less economic weight than, for example, South Korea.

The increasing Arab involvement in banking provides a limited boost to the ability of the banking system to cope with the new demands for recycling which are now being made of it. In supplying capital for international banks, Arab countries are exposing themselves to a little of the risk involved in such recycling. And if, in time, these Arab-backed banks establish themselves as conservative, blue-chip institutions they will doubtless receive a larger share of Arab deposits as well.

## Record dinar bond for Alia

BY RAMI G. KHOURI IN AMMAN

THREE NEW Jordanian investment companies and banks have put together a JD 10m ($33m) bond issue to complete the financing package for the purchase of six wide-bodied jets by the state-owned Jordanian Airline, Alia. The bond agreement has been signed here between Alia and the Arab Jordan Investment Bank, the Jordan Securities Corporation and the Arab Finance Corporation (Jordan).

The 10-year bonds carry an interest rate of 8¾ per cent, and are guaranteed by the Jordanian Government. They will be issued in two equal tranches of JD 5m each, in August this year and May next year.

The issue is the biggest corporate bond put together in Jordan to date.

The Income Tax Department challenged the tax-free status of interest earned on the Cement bond by institutional investors in Jordan.

A court decided that institutional buyers of the Cement bonds had to pay interest on 20 per cent of their purchases. The Alia bond agreement includes a clause guaranteeing 100 per cent tax exemption for both institutional and individual buyers, and is expected to assure full tax exemption on interest earned for future corporate bonds in Jordan.

The latest issue completes the $398m financing package for Alia's purchase of five Lockheed TriStar 1-1011s and one Boeing 747 Jumbo jet, to replace its fleet of Boeing 707s. With a JD 9m nine-year syndicated loan put together in Amman by eight banks in April, this means that Alia has financed 15 per cent of the cost of the planes in the local market, at interest rates significantly lower than would have been available from the international commercial credit markets. The syndicated loan carries an interest rate of 9½ per cent. The rest of the financing for the planes is from the U.S. Eximbank and the Export Credits Guarantee Department of the UK.

# Sterling firm

Sterling rose to its highest level since March 1975 against the dollar in currency markets yesterday, helped partly by the latest UK Wholesale Price Index. This showed a slowing down on a yearly basis from 18.75 per cent in May to 17.5 per cent in June. With the U.S. market coming back after a long week-end, sterling was in good demand, and after opening at $2.3570, it rose to $2.38 at noon, and $2.3750 around mid-afternoon. During the last hour, continued demand pushed the rate to a high of $2.3840, and sterling closed at $2.3820-2.3830, a rise of 2.4c from Friday's close. Its trade weighted index, as measured against a basket of currencies, rose to 74.4 from 74.1, having stood at 74.1 at noon and in the morning.

The pound's rise against the dollar was helped somewhat by the dollar's soft undertone. Economic indicators due late last night and today are generally expected to point towards a further decline in U.S. interest rates while inflation remains high, and this had tended to have a depressing effect on the dollar.

The U.S. unit finished at its worst level of the day against most currencies, closing at DM 1.7385 against the D-mark from DM 1.7525. Against the Swiss franc it finished at its lowest level since the middle of January at SwFr 1.5875 compared with SwFr 1.6060 previously. The yen was also firmer, with the dollar slipping to Y217.85 from Y219.10. On Bank of England figures, the dollar's trade weighted index fell to 82.8 from 83.2 on Friday.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of Euro-currency rate differentials. The D-mark was mostly firmer at yesterday's fixing in Frankfurt, with the dollar fixed lower at DM 1.7445 against DM 1.7536, and sterling easing to DM 4.12 from DM 4.1240. The dollar was depressed ahead of economic indicators due later this week, which could signal a further easing in U.S. interest rates. There was no support for the U.S. unit at the fixing, but the Bundesbank gave support outside the fixing.

BELGIAN FRANC—Remaining steady within the EMS despite recent easing of Brussels interest rates, including a cut in the central bank discount rate—The Belgian franc was mostly weaker at yesterday's fixing in Brussels, with the D-mark higher at BFr 16.0520 against BFr 16.00 and the French franc rising to BFr 6.9025 from BFr 6.9005. Outside the EMS sterling rose to BFr 66.0125 at the fixing from BFr 66.0, but the dollar fell from BFr 28.0550 to BFr 27.96.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following last week's economic package—The lira was mostly firmer in Milan yesterday, rising to L206.03 from L206.05 against the French franc and L154.43 from L154.33 in terms of the Danish krone. The dollar was lower at L834.05 from L838.30, and sterling slipped to L1,968.1 compared with L1,972.2 at Friday's fixing. On the other hand the Irish punt rose to L1,794.5 from L1,792.5.

JAPANESE YEN—Steady in recent weeks, after showing a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen was slightly firmer in Tokyo yesterday, with the dollar closing at Y219.05 compared with Y219.40 on Friday. Trading may have been influenced partly by rumours of a further cut in the U.S. discount rate later this week.

## THE POUND SPOT AND FORWARD

| July 7 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.3570-2.3840 | 2.3820-2.3830 | 1.72-1.62c pm | 8.41 | 3.90-3.80 pm | 6.48 |
| Canada | 2.6890-2.7215 | 2.7200-2.7210 | 1.30-1.20c pm | 5.51 | 3.25-3.15 pm | 4.71 |
| Nethlnd. | 4.50-4.54 | 4.53-4.54 | 2⅞-1⅞c pm | 6.29 | 6½-5½ pm | 5.29 |
| Belgium | 65.85-66.55 | 66.40-66.50 | 20-10c pm | 2.71 | 45-35 pm | 2.41 |
| Denmark | 12.75-12.84 | 12.83-12.84 | par-1⅞ore dis | −0.78 | 6¼-8 dis | −2.24 |
| Ireland | 1.0850-1.1020 | 1.1005-1.1015 | 0.07-0.03c pm | 0.55 | 0.32-0.27 pm | 1.07 |
| W. Ger. | 4.11-4.15 | 4.14-4.15 | 3⅜-2⅜pf pm | 7.80 | 7¼-6¼ pm | 6.39 |
| Portugal | 114.90-118.10 | 115.75-116.00 | 10c pm-20 dis | −1.04 | 25 pm-60 dis | −0.95 |
| Spain | 165.20-167.40 | 167.30-167.40 | 40-90c dis | −4.66 | 205-290 dis | −5.92 |
| Italy | 1969-1984 | 1983-1984 | par-2lire dis | −0.60 | 18¾-20¾ dis | −3.98 |
| Norway | 11.35-11.48 | 11.46½-11.47½ | 7¼-6ore pm | 7.19 | 15½-14½ pm | 5.41 |
| France | 9.55-9.63 | 9.61½-9.62½ | 4½-3½c pm | 4.99 | 9-8 pm | 3.53 |
| Sweden | 9.74-9.83 | 9.82-9.83 | 3⅜-2⅜ore pm | 3.51 | 4½-3½ pm | 1.63 |
| Japan | 514-520 | 518½-519½ | 2-1¾y pm | 3.76 | 5-4¼ pm | 3.56 |
| Austria | 29.25-29.60 | 29.45-29.50 | 17-13gro pm | 6.11 | 40-34 pm | 5.02 |
| Switz. | 3.76-3.81 | 3.78-3.79 | 4¼-3¾c pm | 11.89 | 10½-9½ pm | 10.57 |

Belgian rate is for convertible francs. Financial franc 66.75-66.85. Six-month forward dollar 5.75-5.65c pm. 12-month 8.25-8.15c pm.

## THE DOLLAR SPOT AND FORWARD

| July 7 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.3570-2.3840 | 2.3820-2.3820 | 1.72-1.62c pm | 8.41 | 3.90-3.80 pm | 6.46 |
| Ireland† | 2.1500-2.1550 | 2.1530-2.1550 | 1.75-1.65c pm | 9.47 | 4.00-3.90 pm | 7.33 |
| Canada | 1.1405-1.1423 | 1.1420-1.1423 | 0.19-0.23c dis | −2.21 | 0.49-0.53 dis | −1.79 |
| Nethlnd. | 1.9050-1.9145 | 1.9050-1.9065 | 0.20-0.30c dis | −1.57 | 0.45-0.55 dis | −1.06 |
| Belgium | 27.89-28.06 | 27.89-27.91 | 10⅞-12c dis | −4.84 | 27-29½ dis | −4.05 |
| Denmark | 5.3960-5.4125 | 5.3985-5.4000 | 3.80-4.30ore dis | −9.00 | 11.35-11.85dis | −8.59 |
| W. Ger. | 1.7380-1.7520 | 1.7380-1.7390 | 0.05-0.15pf dis | −0.69 | par-0.10 dis | −0.11 |
| Portugal | 48.55-49.70 | 48.55-48.65 | 30-40c dis | −8.64 | 70-110 dis | −7.41 |
| Spain | 70.12-70.30 | 70.25-70.30 | 65-85c dis | −12.81 | 200-235 dis | −12.38 |
| Italy | 833.40-836.20 | 833.40-833.80 | 7-9lire dis | −11.52 | 21-24 dis | −10.80 |
| Norway | 4.8160-4.8195 | 4.8185-4.8195 | 0.30-0.80ore dis | −1.37 | 1.00-1.50 dis | −1.04 |
| France | 4.0465-4.0660 | 4.0465-4.0480 | 1.02-1.12c dis | −3.17 | 2.85-3.05 dis | −2.91 |
| Sweden | 4.1220-4.1325 | 4.1240-4.1255 | 1.50-1.65ore dis | −4.58 | 4.75-4.90 dis | −4.68 |
| Japan | 217.80-219.20 | 217.80-217.90 | 0.65-0.80y dis | −3.99 | 1.50-1.65 dis | −2.89 |
| Austria | 12.37¼-12.41 | 12.37¼-12.38¼ | 1.70-2.30gro dis | −1.94 | 4.00-5.75 dis | −1.57 |
| Switz. | 1.5860-1.6120 | 1.5870-1.5890 | 0.57-0.51c pm | 4.08 | 1.63-1.57 pm | 4.03 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY MOVEMENTS

| July 7 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 74.4 | −31.7 |
| U.S. dollar | 82.8 | −10.9 |
| Canadian dollar | 82.1 | −15.7 |
| Austrian schilling | 157.5 | +24.2 |
| Belgian franc | 116.1 | +14.1 |
| Danish kroner | 108.1 | −3.7 |
| Deutsche mark | 156.6 | +45.0 |
| Swiss franc | 202.2 | +82.3 |
| Guilder | 126.4 | +20.1 |
| French franc | 102.3 | −5.0 |
| Lira | 58.9 | −51.7 |
| Yen | 129.5 | +27.6 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

## CURRENCY RATES

| July 4 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 16 | Unavail. | 0.609248 |
| U.S. $ | 11 | " | 1.43478 |
| Canadian $ | 10.63 | " | 1.63823 |
| Austria Sch. | 6¾ | " | 17.8702 |
| Belgian F. | 13 | " | 40.2384 |
| Danish K | 13 | " | 7.78869 |
| D'Mark | 7½ | " | 2.51330 |
| Guilder | 9½ | " | 2.75334 |
| French Fr. | 9½ | " | 5.83463 |
| Lira | 15 | " | 1201.99 |
| Yen | 9 | " | 314.647 |
| Norwgn. Kr. | 9 | " | 6.93070 |
| Spanish Pts. | 8 | " | 100.772 |
| Swedish Kr. | 10 | " | 5.93855 |
| Swiss Fr. | 3 | " | 2.30856 |

## OTHER CURRENCIES

| July 7 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 4378-4398 | 1856-1863 | Austria | 29.10-29.40 |
| Australia Dollar | 2.0430-2.0470 | 0.8615-0.8620 | Belgium | 65.90-66.50 |
| Brazil Cruzeiro | 122.70-123.70 | 52.115-52.315 | Denmark | 12.75-12.86 |
| Finland Markka | 8.56-8.57 | 3.6130-3.6150 | France | 9.51-9.57 |
| Greek Drachma | 100.297-102.627 | 42.45-42.60 | Germany | 4.10½-4.13½ |
| Hong Kong Dollar | 11.61-11.63 | 4.9140-4.9170 | Italy | 1920-1970 |
| Iran Rial | n a | n a | Japan | 516-521 |
| Kuwait Dinar(KD) | 0.627-0.633 | 0.2664-0.2665 | Netherlands | 4.49-4.52 |
| Luxembourg Frc. | 66.40-66.50 | 27.85-27.95 | Norway | 11.38-11.48 |
| Malaysia Dollar | 5.0400-5.0600 | 2.1325-2.1345 | Portugal | 111-113 |
| New Zealand Dlr. | 2.3930-2.3980 | 1.0085-1.0095 | Spain | 160½-167¼ |
| Saudi Arab. Riyal | 7.83-7.89 | 3.3280-3.3295 | Sweden | 9.74-9.84 |
| Singapore Dollar | 4.9725-4.9925 | 2.1030-2.1050 | Switzerland | 3.77-3.80 |
| Sth. African Rand | 1.8285-1.8310 | 0.7675-0.7685 | United States | 2.368-2.378 |
| U.A.E. Dirham | 8.70-8.76 | 3.6985-3.7005 | Yugoslavia | 61¾-66 |

Rate given for Argentina is free rate

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU July 7 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 40.2947 | +1.24 | +0.65 | ±1.53 |
| Danish Krone | 7.72336 | 7.77963 | +0.73 | +0.14 | ±1.64 |
| German D-Mark | 2.48208 | 2.51338 | +1.26 | +0.67 | ±1.125 |
| French Franc | 5.84700 | 5.83145 | −0.27 | −0.86 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.75234 | +0.32 | −0.27 | ±1.512 |
| Irish Punt | 0.668201 | 0.668141 | −0.01 | −0.60 | ±1.668 |
| Italian Lira | 1157.79 | 1200.55 | +3.69 | +3.11 | ±4.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## EXCHANGE CROSS RATES

| July 7 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.383 | 4.145 | 519.0 | 9.623 | 3.785 | 4.535 | 1984. | 2.721 | 66.45 |
| U.S. Dollar | 0.420 | 1. | 1.740 | 217.8 | 4.039 | 1.589 | 1.903 | 832.5 | 1.142 | 27.89 |
| Deutschemark | 0.241 | 0.575 | 1. | 125.2 | 2.321 | 0.913 | 1.094 | 478.5 | 0.656 | 16.03 |
| Japanese Yen 1,000 | 1.927 | 4.591 | 7.987 | 1000. | 18.54 | 7.293 | 8.738 | 3822. | 5.242 | 128.0 |
| French Franc 10 | 1.039 | 2.476 | 4.308 | 539.4 | 10. | 3.933 | 4.713 | 2061. | 2.827 | 6906 |
| Swiss Franc | 0.264 | 0.629 | 1.095 | 137.1 | 2.542 | 1. | 1.198 | 524.0 | 0.719 | 17.56 |
| Dutch Guilder | 0.221 | 0.525 | 0.914 | 114.4 | 2.122 | 0.835 | 1. | 437.4 | 0.600 | 14.65 |
| Italian Lira 1,000 | 0.504 | 1.201 | 2.090 | 261.7 | 4.851 | 1.908 | 2.286 | 1000. | 1.372 | 33.50 |
| Canadian Dollar | 0.368 | 0.876 | 1.524 | 190.8 | 3.537 | 1.391 | 1.667 | 729.1 | 1. | 24.43 |
| Belgian Franc 100 | 1.505 | 3.585 | 6.238 | 781.0 | 14.48 | 5.696 | 6.825 | 2985. | 4.094 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. JULY 7)

| 3 month U.S. dollars | | 6 month U.S. dollars | |
|---|---|---|---|
| bid 9 1/4 | offer 9 3/8 | bid 9 3/8 | offer 9 1/2 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market Closing Rates)

| July 7 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 16⅞-17⅛ | 8⅞-9⅛ | 10½-12½ | 10⅜-10⅝ | 5½-5¾ | 9⅝-9⅞ | 12-12¼ | 14-16 | 9⅟₁₆-9⁵⁄₁₆ | 12⅜-12¾ |
| 7 days' notice | 16⅞-17⅛ | 8⅞-9⅛ | 10⅞-12½ | 10⅜-10⅝ | 4-4½ | 9⅝-9¾ | 12-12¼ | 16-20 | 9⅟₁₆-9⁵⁄₁₆ | 12⅜-12¾ |
| Month | 16⅞-17⅛ | 9-9¼ | 11⅞-12¼ | 10⅜-10⅝ | 5⅜-5⅝ | 9⅝-9⅝ | 12⅟₁₆-12⁵⁄₁₆ | 18-22 | 9⅟₁₆-9⁵⁄₁₆ | 12⅝-12¾ |
| Three months | 16-16¼ | 9⅛-9⅜ | 11⅛-11½ | 10⅜-10⅝ | 5⅜-5⁹⁄₁₆ | 9⅜-9⅝ | 12⅟₁₆-12⁵⁄₁₆ | 20-22 | 9⅜-9⁹⁄₁₆ | 11⅞-12⅛ |
| Six months | 14⅝-14⅞ | 9⅟₁₆-9⅜ | 10½-10⅞ | 10⅛-10⅜ | 5⅜-5½ | 8¾-9 | 12⅟₁₆-12⁵⁄₁₆ | 19½-21½ | 9⁵⁄₁₆-9⁹⁄₁₆ | 10¾-11 |
| One Year | 13½-13¾ | 9⅜-9⅝ | 10½-10⅞ | 10⅛-10⅜ | 4⅝-5⅛ | 8¼-8⅝ | 12⅟₁₆-12⁵⁄₁₆ | 18½-20 | 9⅝-9¾ | 9⅜-9½ |

Long-term Eurodollar two years 10⅛-10⅜ per cent; three years 10⅜-10⅝ per cent; four years 10⅝-10⅞ per cent; five years 10¾-11 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.95-9.05 per cent; three-months 9.00-9.10 per cent; six-months 8.90-9.00 per cent; one-year 9.00-9.10 per cent.

## INTERNATIONAL MONEY MARKET

# Belgian rates ease

Belgian short-term interest rates continued to decline yesterday, with two- and three-moth Treasury certificate rates cut by ¼ per cent by the Belgian National Bank. Two-month certificates were reduced to 13¼ per cent, and three-month to 13¼ per cent. The one-month rate, which was lowered by ½ per cent to 14 per cent six days ago, was unchanged. On June 26 Belgium's discount rate was cut to 13 per cent from 14 per cent.

In Frankfurt call money reversed the downward trend seen last week, rising to 10.00-10.20 per cent from 9.90-10.00 per cent. One-month money was quoted at 9.90-10.10 per cent, compared with 9.90-10.00 per cent on Friday, but longer periods were unchanged.

In Singapore the Hongkong and Shanghai Banking Corporation announced a reduction in its prime rate to 11½ per cent from 11¾ per cent. Time deposit rates were also cut: to 9¼ per cent from 9½ per cent for one-month; to 8¾ per cent from 9¼ per cent for three-month; to 8½ per cent from 9 per cent for six-month; and to 8¼ per cent from 8½ per cent for nine and 12 months. Algemene Bank has also cut its Singapore prime rate, reducing it to 11½ per cent from 11¾ per cent.

In Kuwait interest rates on short- and long-term loans have fallen sharply recently. Overnight rates fell to 7½ per cent from 8½ per cent, with weekly money declining to 2 per cent from 4½ per cent.

## MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime Rate | 11½-12 |
| Fed. Funds | 9⅜-9⅝ |
| Treasury Bills (13-week) | 7.83 |
| Treasury Bills (26-week) | 7.76 |
| **GERMANY** | |
| Discount Rate | 7.5 |
| Overnight Rate | 10.10 |
| One month | 10.00 |
| Three months | 9.925 |
| Six months | 9.35 |
| **FRANCE** | |
| Discount Rate | 9.5 |
| Overnight Rate | 12.25 |
| One month | 12.125 |
| Three months | 12.125 |
| Six months | 11.8125 |
| **JAPAN** | |
| Discount Rate | 9.0 |
| Call (Unconditional) | 12.625 |
| Bills Discount (three-month) | — |

# Exceptional help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave exceptionally large assistance. They bought a moderate amount of Treasury bills from the discount houses and banks, a small number of local authority bills from the houses, and a large amount of eligible bank bills from the houses, for resale at a fixed future date. The help was completed by lending a large sum to six or seven houses, overnight at Bank of England Minimum Lending Rate.

Banks brought forward run down balances; repayment was made of the extremely large amount lent to the market on Friday; the market was also faced with settlement of gilt edged purchases; and there was a small net take-up of Treasury bills to finance.

Discount houses paid 15½-16 per cent for secured call loans for the most part, although balances were found at 15 per cent in places.

## LONDON MONEY RATES

| July 7 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ф | Eligible Bank Bills ф | Fine Trade Bills ф |
|---|---|---|---|---|---|---|---|---|---|---|
| Over night | — | 16-20 | — | — | — | 16½ | 15-16 | — | — | — |
| 2 days notice | — | — | 16¾-17½ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17½-18⅛ | 16¾-17½ | — | 18 | 18¼ | 15¾-16 | — | — | — |
| One month | 16¾-16⅝ | 16⅝-17⅟₁₆ | 16½-17 | 17⅜-17¾ | 17¼ | 17½ | 15¾ | 14¹⁵⁄₁₆-14⅞ | 16⅝ | 17 |
| Two months | 16⅝-16⅛ | 16⅜-15⅝ | — | 17-17½ | 16¾ | — | 15⅝-15½ | 14¹³⁄₁₆-14¹¹⁄₁₆ | 16⅟₁₆ | 16½ |
| Three months | 15⅞-15¹¹⁄₁₆ | 15⅞-16⅛ | 15⅞-16¼ | 15¾-16¼ | 16¼ | 16½ | 15 | 14¹¹⁄₁₆ | 16⅞ | 15¾ |
| Six months | 14⅝-14½ | 14¾-15⅟₁₆ | 14⅞-15¼ | 14½-14⅞ | 15⅛ | 15½ | — | — | 13¹⁵⁄₁₆-13¾ | 14½ |
| Nine months | 13⅞-13⅝ | 14⅛-14⅜ | — | 14¼-14⅝ | 14 | 14¾ | — | — | — | — |
| One Year | 13⅟₁₆-13⅟₁₆ | 13⅝-13⅞ | 13¾-14¼ | 13¾-14⅛ | 13½ | 14⅛ | — | — | — | — |
| Two years | — | 13¾-14 | 13¾-14 | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13⅞ per cent; four years 13¾-13⅞ per cent; five years 13½-13⅞ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅝ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14⅞-14¹⁵⁄₃₂ per cent; two-months 14²⁵⁄₃₂-14²³⁄₃₂ per cent; three-months 14⅝ per cent. Approximate selling rates for one-month bank bills 16⅞ per cent; two-months 15¹⁵⁄₁₆ per cent; three-months 15⅞ per cent; one-month trade bills 16½ per cent; two-months 16 per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7404 per cent.

## GOLD

# Further rise

Gold continued to improve in the London bullion market yesterday closing $10 an ounce higher at $675-678, its highest closing level since February 13. For most of the day the metal traded quietly between $664 and $668, but rose quite sharply after the afternoon fixing as New York entered the market.

In Paris the 12½-kilo bar was fixed at FFr 86,500 per kilo ($664.54 per ounce) compared with FFr 86,000 ($658.83) in the morning and FFr 86,000 ($657.82) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 37,360 per kilo ($665.93 per ounce) against DM 37,775 ($669.99) previously, and closed at $667-670 per ounce against $665-668 on Friday.

In Zurich gold finished at $668-671 against $665-668 previously.

## GOLD

| | July 7 | | July 4 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $675-678 | (£283¾-285¼) | $665-668 | (£282-283½) |
| Opening | $666-669 | (£280¼-281¾) | $668-671 | (£284¼-285¾) |
| Morning fixing | $665.75 | (£281.882) | $668.50 | (£284.105) |
| Afternoon fixing | $667.50 | (£282.217) | $666.50 | (£283.015) |
| **Gold Coins** | | | | |
| Krugerrand | $696-699 | (£292½-294½) | $686-688 | (£291-293) |
| Mapleleaf | $691-694 | (£290-292) | $683-686 | (£289-292) |
| New Sovereigns | $171½-172½ | (£72-73) | $168-170 | (£71½-72½) |
| King Sovs. | $191-193 | (£80-81) | $190-192 | (£80½-82½) |
| Victoria Sovs. | $191-193 | (£80-81) | $190-192 | (£80½-82½) |
| French 20s | $170-173 | | $164-167 | |
| 50 pesos Mexico | $831-836 | | $822-826 | |
| 100 Cor. Austria | $663-667 | | $675-680 | |
| $20 Eagles | $766-770 | | $764-768 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

# WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 7, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 105.0 |
| Albania | Lek | 10.25 |
| Algeria | Dinar | 9.0640 |
| Andorra | French Franc | 9.6225 |
| | Spanish Peseta | 167.35 |
| Angola | Kwanza | 66.232 |
| Antigua (S) | E. Caribbean $ | 6.40 |
| Argentina | Ar. Peso Free Rate | 4,388.0 |
| Australia (S) | Australian $ | 2.0460 |
| Austria | Schilling | 29.475 |
| Azores | Portug. Escudo | 115.875 |
| Bahamas (S) | Ba. Dollar | 2.3825 |
| Bahrain (S) | Dinar | (0.887sg) |
| Balearic Isles | Spa. Peseta | 167.35 |
| Bangladesh (S) | Taka | 34.52 |
| Barbados (S) | Babados $†† | 4.7650 |
| Belgium | B. Franc | (cm) 66.45 |
| | | (fn) 66.80 |
| Belize | B $ | 4.7650 |
| Benin | C.F.A. Franc | 481.125 |
| Bermuda (S) | Bda $ | 2.3825 |
| Bhutan | Indian Rupee | 18.28 |
| Bolivia | Bolivian Peso | 59.10 |
| Botswana (S) | Pula | 1.6250 |
| Brazil | Cruzeiro ‡‡ | 123.20 |
| Brit. Virgin Isles (S) | U.S. $ | 2.3825 |
| Brunei (S) | Brunei $ | 4.9825 |
| Bulgaria | Lev | 1.9913 |
| Burma | Kyat | 15.90 |
| Burundi | Burundi Franc | 210.05 |
| Cameroon Republic | C.F.A. Franc | 481.115 |
| Canada | Canadian $ | 2.7205 |
| Canary Islands | Spanish Peseta | 167.35 |
| Cape Verde Isle | Cape V. Escudo | 86.35 |
| Cayman Islands (S) | Cay. Is. $ | 1.9856 |
| Cent. Af. Repub. | C.F.A. Franc | 481.125 |
| Chad | C.F.A. Franc | 481.125 |
| Chile | C. Peso | (Bk) 92.04 |
| China | Renminbi Yuan | 3.4271 |
| Colombia | C. Peso | (F) 111.67 |
| Comoro Islands | C.F.A. Franc | 481.125 |
| Congo (Brazaville) | C.F.A. Franc | 481.125 |
| Costa Rica | Colon | 20.50 |
| Cuba | Cuban Peso | 1.5992 |
| Cyprus (S) | Cyprus £ | 0.802 |
| Czechoslovakia | Koruna | (com) 13.20 |
| | | n/c 21.25 |
| | | (T) 21.00 |
| Denmark | Danish Krone | 12.835 |
| Djibouti | Fr. | 417 (sg) |
| Dominica (S) | E. Caribbean $ | 6.40 |
| Dominican Repub. | Dominican Peso | 2.3825 |
| Ecuador | Sucre | (O) 59.50 |
| | | (F) 65.14 |
| Egypt | Egyptian £ | (U) 1.72 |
| Equatorial Guinea | Ekpwele | 167.35 |
| Ethiopia | Ethiopian Birr | (P) 4.8350 |
| Falkland Islands (S) | Falkland Is. £ | 1.0 |
| Faroe Islands | Danish Krone | 12.835 |
| Fiji Islands | Fuji $ | 1.9120 |
| Finland | Markka | 8.565 |
| France | French Franc | 9.6225 |
| French C'tyin Af* | C.F.A. Franc | 481.125 |
| French Guiana | Local Franc | 9.6225 |
| French Pacific Is. | C.F.P. Franc | 173 (sg) |
| Gabon | C.F.A. Franc | 481.125 |
| Gambia (S) | Dalasi | 4.0 |
| Germany (East) | Ostmark | 4.145 |
| Germany (West) | Deutsche Mark | 4.145 |
| Ghana (S) | Cedi | 6.49 |
| Gibraltar (K) | Gibraltar £ | 1.0 |
| Greece | Drachma | 101.462 |

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Greenland | Danish Kroner | 12.835 |
| Grenada (S) | E. Caribbean $ | 6.40 |
| Guadaloupe | Local Franc | 9.6225 |
| Guam | U.S. $ | 2.3825 |
| Guatemala | Quetzal | 2.3825 |
| Guinea Republic | Syli | 44.20 |
| Guinea Bissau | Peso | 78.80 |
| Guyana (S) | Guyanese $ | 6.0755 |
| Haiti | Gourd | 11.90 |
| Honduras Repub. | Lempira | 4.7400 |
| Hong Kong (S) | H.K. $ | 11.62 |
| Hungary | Forint | (com) 74.5828 |
| | | (T)(nc) 52.5882 |
| Iceland (S) | I. Kronr | 1,081.5 |
| India (S) | Ind. Rupee | 18.28 |
| Indonesia | Rupiah | 1,478.10 |
| Iran | Rial | n/a |
| Iraq | Iraq Dinar | 0.69585 |
| Irish Republic (K) | Irish £ | 1.1010 |
| Israel | Shekel | 11.875 |
| Italy | Lira | 1,983.5 |
| Ivory Coast | C.F.A. Franc | 481.125 |
| Jamaica (S) | Jamaican Dollar | 4.2490 |
| Japan | Yen | 519.0 |
| Jordan (S) | Jordan Dinar | 0.687 (sg) |
| Kampuchea | Riel | 2,859.0 |
| Kenya (S) | Kenya Shilling | 17.12 |
| Kiribati | Australian $ | 2.0450 |
| Korea (Nth) | Won | 2.01(U) |
| Korea (Sth) | Won | 1,420.03 |
| Kuwait | Kuwait Dinar | 0.630 |
| Laos | Kip Pot Po | 946.0 |
| Lebanon | Lebanese £ | 8.0850 |
| Lesotho | Loti | 1.82975 |
| Liberia | Liberian $ | 2.3825 |
| Libya | Libyan Dinar | 0.7055 |
| Liechtenstein | Swiss Franc | 3.785 |
| Luxembourg | Lux Franc | 66.45 |
| Macao | Pataca | 12.55 |
| Madeira | Portug'se Escudo | 115.875 |
| Malagasy Republic | MG Franc | 481.125 |
| Malawi (S) | Kwacha | 1.8775 |
| Malaysia (S) | Ringgit | 5.0500 |
| Maldive Islands (S) | Mal Rupee | 9.2945 |
| Mali Republic | Mali Franc | 962.25 |
| Malta (S) | Maltese £ | 0.799 |
| Martinique | Local Franc | 9.6225 |
| Mauritania | Ouguiya | 97.05 |
| Mauritius (S) | M. Rupee | 17.90 |
| Mexico | Mexican Peso | 54.17 |
| Miquelon | C.F.A. Franc | 481.125 |
| Monaco | French Franc | 9.6225 |
| Mongolia | Tugrik | (o) 6.693(U) |
| Montserrat | E. Caribbean $ | 6.40 |
| Morocco | Dirham | 8.80 (sg) |
| Mozambique | Metical | 67.40 |
| Nauru | Australian Dollar | 2.0450 |
| Nepal | Nepalese Rupee | 28.40 |
| Netherlands | Guilder | 4.535 |
| Netherland Antilles | Antillian Guilder | 4.2645 |
| New Hebrides | Franc | 152 (sg) |
| | Aust. Dollar | 2.0450 |
| New Zealand (S) | N. Z. Dollar | 2.3955 |
| Nicaragua | Cordoba | 23.60 |
| Niger Republic | C. F. A. Franc | 481.125 |
| Nigeria (S) | Naira | 1.270548 (sg) |
| Norway | Norway Krone | 11.47 |
| Oman Sultate of (S) | Rial Omani | 0.809 |
| Pakistan | Pakistan Rupee | 23.10 |
| Panama | Balboa | 2.3825 |
| Papua N. Guinea (S) | Kina | 1.5625 |
| Paraguay | Guarani | 294.53 |

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Peru | Sol | exc (A) 557.25 |
| Philippines | Philippine Peso | 17.05 |
| Pitcairn Islands (S) | £ Sterling | — |
| | New Zealand $ | 2.3955 |
| Poland | Zloty | (Cm) 70.921 |
| | | (T) 70.921 |
| Portugal | Portugu'se Escudo | 115.875 |
| Puerto Rico | U.S. $ | 2.3825 |
| Qatar (S) | Qatar Ryal | 8.59 |
| Reunion Ile de la | French Franc | 9.6225 |
| Romania | Leu | (Cm) 10.48 |
| | | (n/c) T28.15 |
| Rwanda | Rwanda Franc | 216.54 |
| St. Christopher (S) | E. Caribbean $ | 6.40 |
| St. Helena | St. Helena £ | 1.0 |
| St. Lucia | E. Caribbean $ | 6.40 |
| St. Pierre | Local Franc | 9.6225 |
| S. Vincent (S) | E. Caribbean $ | 6.40 |
| Salvador El | Colon | 5.90 |
| Samoa American | U.S. $ | 2.3825 |
| San Marino | Italian Lira | 1,983.5 |
| Sao To'e & Principe | Dobra | 81.00 |
| Saudi Arabia | Ryal | 7.86 |
| Senegal | C.F.A. Franc | 481.125 |
| Seychelles | S. Rupee | 14.55 (sg) |
| Sierra Leone (S) | Leone | 2.4386 |
| Singapore (S) | Singapore $ | 4.9825 |
| Solomon Islands (S) | Solomon Is. $ | 1.9275 |
| Somali Republic | Somali Shilling | (A) 14.25 |
| South Africa (S) | Rand | 1.82975 |
| South West African Territories (S) | S. A. Rand | 1.82975 |
| Spain | Peseta | 167.35 |
| Spanish ports in North Africa | Peseta | 167.35 |
| Sri Lanka (S) | S. L. Rupee | 37.30 |
| Sudan Republic | Sudan £ (1) | 1.19 |
| Sudan Republic | Sudan £ (2) | 1.90 |
| Surinam | S. Guilder | 4.2645 |
| Swaziland (S) | Lilangeni | 1.82975 |
| Sweden | S. Krona | 9.825 |
| Switzerland | Swiss Franc | 3.3785 |
| Syria | Syria £ | (A) 9.2855 |
| Taiwan | New Taiwan $ | 85.75 |
| Tanzania (S) | Tan. Shilling | 19.15 |
| Thailand | Baht | 47.80 |
| Togo Republic | C.F.A. Franc | 481.125 |
| Tonga Islands (S) | Pa'anga | 2.0450 |
| Trinidad (S) | Trinidad & Tob. $ | 5.7180 |
| Tunisia | Tunisian Dinar | 0.925 (SG) |
| Turkey | Turkish Lira | 181.94 |
| Turks & Caicos | U.S. $ | 2.3825 |
| Tuvalu | Australian $ | 2.0450 |
| Uganda (S) | Uganda Shilling | 17.12 |
| United States | U.S. Dollar | 2.3825 |
| Uruguay | Uruguay Peso | (cm) 21.21 |
| | | (fn) 21.17 |
| Utd. Arab Emirates | U.A.E. Dirham | 8.73 |
| U.S.S.R. | Rouble | 1.5060 |
| Upper Volta | C.F.A Franc | 481.125 |
| Vatican | Italian Lire | 1,983.5 |
| Venezuela | Bolivar | 10.13 |
| Vietnam | Dong | (O) 5.1555 |
| | | (T) 4.9215(§) |
| Virgin Islands U.S. | U.S. Dollar | 2.3825 |
| Western Samoa | S. Samoan Tala | 2.1370 |
| Yemen (Nth) | Ryal | 10.69 (SG) |
| Yemen (Sth) | S. Yemen Dinar | (A) 0.8075 |
| Yugoslavia | New Y Dinar | 64.7607 |
| Zaire Republic | Zaire | 6.754840 |
| Zambia | Kwacha | 1.8250 |
| Zimbabwe | Zimbabwe $ | 1.4900 |

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 100.05. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

# WORLD STOCK MARKETS

# Dow 2.5 higher at mid-session

STOCKS ON Wall Street tended to gain fresh ground yesterday morning in active dealings following the holiday-lengthened weekend. The market was closed last Friday for Independence Day.

The Dow Jones Industrial Average, up about 13 points last Thursday, was 2.47 higher at 891.38 at 1 pm yesterday. The NYSE All Common Index added 16 cents to $67.23, while gains led declines by a nine-to-five ratio. Trading volume came to 27.89m shares at the 1 pm calculation.

Analysts said market enthusiasm for Federal Reserve plans to dismantle its March 14 package of credit restrictions was tempered by weakness in the dollar.

The soft tone for the dollar, they added, could limit the Fed's flexibility in allowing interest rates to ease. Interest rates rose in the credit markets and Gold prices moved higher early yesterday.

Several more major banks reduced their Prime Rate to 11½ per cent from 12 per cent, joining Citibank, Bankers Trust and Morgan Guaranty.

Oils were mixed, but Gaming issues mostly firmed. Active Exxon eased ⅛ to $68⅞ and Mobil $1 to $75⅝, but Superior Oil added 1½ at $172 and Ocean Drilling 1½ at $122½.

British Petroleum lost $1 to $34¼. It has announced terms of its planned bid for Selection Trust.

Norton Simon, which rose last week on heavy volume, including half a dozen large blocks, slipped ⅜ to $14⅞.

In the Precious Metal group, ASA gained 1½ to $54, Dome Mines $1 to $101½ and Homestake Mining 1¼ to $66½.

Among Gaming shares Caesars World, which last Thursday said it plans a $25m debt offering, hardened ⅛ to $17½. Bally Manufacturing put on ½ to $27⅜.

Penn Central added ⅜ at $21. It has proposed to acquire GK Technologies for $45 a share. GK, which had yet to trade, closed on Thursday at $29⅞.

THE AMERICAN SE Market Value Index put on 1.57 to 307.93 at 1 pm. Volume 3.62m shares.

**Closing prices for North America were not available for this edition.**

## Canada

Share prices were mixed to easier at mid-day yesterday after busy trading. The Toronto Composite Index shed 3.2 to 2,133.1 at noon, while the Oil and Gas index receded 18.8 to 5,025.9, but Golds gained 16.6 to 1,51.3. In Montreal, Banks declined 1.52 to 362.68, but Utilities hardened 0.83 to 256.95.

Oils were active but mostly lower. Gulf Canada, C$35¼, and Texaco Canada, C$102½, each lost ⅛, but BP Canada rose C$1 to C$48½ and Shell Canada ⅛ to C$35⅞.

## Hong Kong

After last Friday's setback on profit-taking, the market opened sharply higher yesterday and then further strengthened in hectic morning trading on speculation of a possible merger between Jardine Matheson and Hong Kong Land. Profit-taking later in the day was easily absorbed, and the Hang Seng index, after receding 10 points on Friday, climbed 28.56 to 1,085-75, its best closing level since February 2, 1973, when it reached 1,098.85. Turnover on the four exchanges totalled HK$408.46m, compared with HK$324.62m last Friday.

Jardine Matheson rose HK$3.70 to HK$22.00 and HK Land 40 cents to HK$14.20.

Jardine Securities put on HK$1.10 to HK$11.00, Hutchison Whampoa HK$1.10 to HK$10.80, Cheung Kong 40 cents to HK$16.40, Hong Kong Electric 35 cents to HK$6.80 and Hong Kong Bank 20 cents to HK$16.30, while Hong Kong Telephone, HK$25.80, Sun Hung Kai Properties, HK$13.60, and Swire Pacific "A," HK$8.00, advanced 20 cents apiece.

## Tokyo

Shares declined over a broad front, with Oils particularly weak and led lower by Nippon Oil on news that a subsidiary has failed to strike oil in test drilling on the Continental Shelf between Japan and South Korea.

The Nikkei-Dow Jones Average receded 88.46 to 6,708.49 and the Tokyo SE index 3.60 to 465.22, but turnover was moderate, amounting to only 240m shares.

Nippon Oil fell Y190 to Y1,300, Teikoko Oil Y60 to Y1,010, Mitsubishi Oil Y22 to Y355 and Showa Oil Y17 to Y345.

Trading Houses were also hard hit, C. Itoh, Y407, and Mitsubishi, Y637, losing Y18 apiece.

Non-ferrous Metals, Coals, Chemicals, Pharmaceuticals, Shipping Lines and Machine Manufacturers participated in the setback, but among limited firm spots were some high-priced Light Electricals. Sony advanced Y30 to Y2,180 and TDK Electronics Y10 to Y2,250.

Tomoegawa Paper moved ahead Y80 to Y650 on speculative buying.

## Australia

Stock trading began on a subdued note, but gained momentum later in the day as new money started to flow in. A fall-off in volume was attributed to the U.S. Independence Day holiday on July 4, which kept U.S. investors on the sidelines.

Minings, Oils and Industrials ended firmer inclined, with Shale Oil stocks continuing to attract much of the interest. The Sydney All Ordinaries index advanced 5.77 to 920.42 and the Metals and Minerals index 57.07 to 5,940.17.

Among the Shale Oils sector, Esperance added 70 cents to A$6.00, Greenvale 60 cents to A$5.80 and Southern Pacific A$1 to A$28.

Magellan led Oil gains with a 90 cents rise to A$6.50 on hopes that a breakthrough was near in efforts to settle Aboriginal claims on the company's Amadeus Basin leases.

The rush into Shale Oil stocks also tended to benefit other alternative energy stocks, Uranium issue Peko-Wallsend gaining 26 cents to A$8.76 and oil-from-coal stock, Moonie Oil, finishing A$1 up at A$23, and Coal issue Utah 20 cents to A$5.30.

BHP eased 10 cents to A$15.00, but CSR closed 12 cents higher at A$7.50 on its shale oil interests.

Among Metal Minings, Western Mining put on 8 cents to A$5.36 and MIM 10 cents to A$4.80, while Industrials had Thomas Nationwide up 11 cents at A$2.48 and ICI Australia 8 cents firmer at A$2.40.

## Johannesburg

Gold shares gained further ground in response to the firm Bullion price in fairly active trading, with suspension of three Anglo American gold mine companies and a Lonrho subsidiary, Duiker Exploration, making little impact on the market. Gains ranged to 200 cents, as in Hartles at R81.50.

Mining Financials were also higher, with Anglo American up 40 cents at R17.65 on news of the talks with Duiker Exploration on mining of a new uranium and gold lode. Lonrho improved 20 cents to R3.00. Diamond leader De Beers gained 35 cents to R11.40.

## Germany

The market was easier inclined, although there were a few sharp rises against the trend among the leaders and the Commerzbank index put on 2.0 to 7839.

AEG, in Electricals, continued to dominate interest and rose another DM 3.30 to DM 94.30.

Lufthansa advanced DM 4.50 to DM 87.50 ahead of the annual meeting on Thursday on speculation of an arbitration decision in Lufthansa's favour regarding compensation payments from the Government after the Air Traffic Controllers' strike in 1973.

Demag and Hapag Lloyd added DM 2.50 each, but Brown Boveri retreated DM 4.60.

# Australian wool floor price boost

CANBERRA — The Australian whole clip average wool floor price has been boosted to 365c a kilo clean for the 1980/81 season from 318c in the 1979/80 season, Mr. Peter Nixon, Primary Industry Minister, said.

The new minimum price level reflects the higher prices recorded throughout the 1979/1980 season which finished 10 days ago with the Australian wool corp's whole clip indicator price at 401c.

Mr. Nixon said the prices seen in the market throughout last season indicated clearly that the substantial increase was warranted.

He added the floor price for the 1981/82 season would not be any less than the 365c market price announced yesterday.

Mr. Nixon said while there were still some uncertainties in relation to the course of economic growth in a number of markets for Australian wool, demand was generally sound.

The new floor price—the level at which the Wool Corporation buys in at auction—will provide a further measure of confidence to the trade, he added.

The wool selling season is currently in it annual recess, with sales expected to resume in late August or early September.

Reuter

# October 1 start for Rubber Pact

GENEVA—The International Rubber Agreement—so far the only commodity arrangement likely to join the Common Fund agreed upon in Geneva last week—will come into force provisionally on October 1, the UN Conference on Trade and Development (UNCTAD) has said.

UNCTAD said exporters including Indonesia, Liberia, Malaysia, Papua New Guinea and the Philippines, together accounting for 76 per cent of the natural rubber trade, and importers including the U.S., the EEC and Japan, accounting for 84 per cent of imports, have signed the rubber treaty.

So far, only Malaysia and Japan have ratified it.

Concluded last September, the treaty provides for buffer stocks of 550,000 tons jointly financed by producers and consumers to regulate market supplies and stabilise rubber prices.

# More join coffee export embargo

BY RICHARD MOONEY

MEXICO YESTERDAY joined other Central American countries in halting coffee exports while awaiting a recovery in prices.

This brought the number of countries following the lead given by Brazil—the world's biggest producer—last Thursday to three. In addition, Columbia, the second largest producer, has said it does not plan to sell unless prices move well above current levels, though it has not officially joined the export ban.

On Friday Honduras and Guatemala announced they had closed export registrations until further notice and Sr. Eduardo Gonzalez, president of the Guatemalan Coffee Exporters Association, said he hoped similar measures would be adopted by Mexico and other Central American producers.

The Mexican Coffee Institute yesterday indeed announced its ban, which it blamed on the "substantial drop in coffee prices" that had knocked £380 off London futures quotations in the space of a month.

Mexico still has 750,000 bags (60 kilos each) of current crop coffee to sell while Guatemala has 200,000.

Meanwhile in Bogota Sr. Gilberto Arango Londono, President of the Colombian Coffee Exporters' Association stated that his country's coffee would not be offered on the world market until the price moved up to $1.98 a lb—at present it is below $1.60.

He said there had been no change in the system of marketing but this already precluded sales at current levels. The Brazilian ban was seen as a "defensive action" in the face of exaggerated price falls which did not reflect the real market situation, Sr. Londono said.

Reaction on the London futures market was relatively muted: the September position, which had risen £70 on Friday in response to the Brazilian announcement, climbed to £1,501 at one stage but then fell back to end the day only £6 up at £1,483.5 a tonne.

Earlier in the day dealers said the London market was awaiting the opening in New York

# U.S. will not lift grain ban says Carter

WASHINGTON — President Carter has said he will not lift the embargo on most grain exports to the USSR until after it moves to end its military involvement in Afghanistan, reports Reuter.

"I will continue to punish the Soviet Union," Mr. Carter said at a town meeting at the weekend in Merced, California.

Meanwhile negotiations are in progress for the sale of Australian grain to the Soviet Union during the next 12 months.

This follows the federal government's announcement in June that Australia would sell 3.9m tonnes of grains to the USSR in the coming 12 months, the same amount as the record sales of the previous 12 months.

Australia's Primary Industry Minister, Mr. Peter Nixon said his country would review the policy of restricting grain exports to the Soviet Union if Ronald Reagan were elected U.S. President.

He told the annual New South Wales Livestock and Grain Producers' Association conference that Mr. Reagan had stated that if elected he would scrap the U.S. policy of grain restrictions to Russia and let normal grain trade continue.

Mr. Nixon said the Australian government's policy had been evolved in co-operation with the current U.S. administration.

K. K. Sharma in New Delhi writes: India is to become a main exporter of grain for the first time now that the government has decided to permit the export of coarse rice by seven public sector agencies. No limit has been placed on the quantity to be exported nor has any price been stipulated.

The public sector agencies, which include the Food Corporation of India and the State Trading Corporation, are to enter the world foodgrain market as soon as possible. It is likely that initial sales will be made to South East Asian and Middle East countries.

# Base metal markets easier

By John Edwards, Commodities Editor

THE FIRM trend in sterling against the dollar brought a generally easier tone on the London metal markets yesterday. Tin was most affected with the cash price falling by £97.5 to £7,205 a tonne. The market was depressed too by a sharp fall in Penang over the weekend where the Straits tin price dropped by $M52 to $M2,103 a picul—$M42 below the International Tin Agreement "ceiling." The decline was reported to be result of reduced demand. In London the rise in LME warehouse stocks, up by 100 tonnes to 1,915 tonnes, confirmed an easing in the nearby supply situation with the cash price moving to a discount below the three months quotation.

Lead prices were hit by an unexpected rise in stocks. They rose by 1,850 to a total of 27,375 tonnes instead of showing a small fall as forecast. As a result cash lead dropped by £10.5 to £336 a tonne. Copper stocks were only marginally lower, falling by 400 tonnes to a total of 109,600 tonnes—the smallest decline for some time.

Prices ended the day slightly higher, resisting the downward pressure exerted by the strength of sterling.

In the U.S. a leading producer, Asarco, raised its domestic selling price again, by 3 cents to $1 a lb. There has been no further news of any moves to settle the strike by U.S. copper workers, which started on July 1.

Other warehouse stocks changes: Aluminium down by 1,525 to 16,325 tonnes; zinc down by 1,050 to 57,750; nickel down by 120 to 5,994. LME silver holdings fell by 120,000 to 27,840,000 ounces.

# Malaysian smelter study

RANAU, MALAYSIA — The Overseas Mineral Resources Development, which operates Malaysia's only copper mine, is to conduct a feasibility study on the setting up of a copper smelter and refinery in the country, according to Deputy Finance Minister Mak Hon Kam on a recent visit to the mines.

At present Malaysia sends copper concentrates to smelters in Japan. Reuter

SALES OF FARM MACHINERY

# No real slump yet

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE GLOOM that the heavy rain brought to the Royal Show last week was as nothing compared with the psychological state of many farmers and machinery men I met.

Talk of slump and uncertainty was very evident and almost certainly the suppliers of buildings and machinery are finding the going very hard. Tractor registrations are well down this year, balers are almost unsaleable but there was some hope that combine harvester sales might perk up.

But all those who talked of slump were talking nonsense: Things are not that bad yet compared with the 1930s. The truth is that they don't know what a slump really is. During the six years before the beginning of the last war I built my acreage to over a thousand, and during that time I bought a tractor, a plough and a mowing machine, all new. Everything else was second, third, or many, hand. The threshing machine dated from the 1890s, and the self binder predated the First World War.

What the implement trade did in those days I did not know or care, beyond the fact that they repaired machines. They did sell some new articles to farmers who failed to maintain the payments and got into difficulties. It was these machines bought at their displenishing sales which replaced the stock of those of us determined to survive.

From that point of view farmers are well set to endure a slump. Dealers' yards are full of unsaleable stock taken in on part exchange. Trade for this material is at the moment almost dead. The fringes of the British Isles are stuffed with the 30-year-old models of tractors which have found their last resting place among the crofter and smallholders of those parts.

The high interest rates are not at present affecting very many farmers significantly. In terms of the value of their land and stock farmers are not overgeared. In fact, the reverse is very much the case. It is probable that the industry is basically very liquid indeed. Farmers are on the whole very conservative as they or their families have long memories.

It is among this section that the classic attitude to slump can more easily be found. They remember — or have been told —that in a real deflationary slump the value of money appreciates in terms of land, livestock, machinery and everything else. If, they reason, Mrs. Thatcher succeeds in squeezing inflation out of the system, bankcruptcies and other symptons of deflation will become paramount. Then they will be well placed, or so they think, to take advantage of the circumstances, and will have survived more or less unscathed.

This attiude to slump appears to be confined to purchase of investment in machinery, buildings and so forth which are not the prime essentials of farming. Land prices are still holding up at around last year's levels, although some would say that they have fallen by the inflation rate in consequence.

There does appear to be a stack of farms on the market just now. But agents are very cagey about prices they expect to get, or have received.

Any farm which is offered to rent by tender can be assured of a flood of applicants all bidding a very high price for it. There is no sign of a lack of confidence in these things that really matter.

The export trade to Europe and elsewhere of secondhand tractors and combines has died the death. The strong pound and a saturated market has effectively screwed down this safety valve.

But the difficulties in the farm machinery sector are not confined to Britain. They are world wide, and not likely to go away. Farmers in the developed countries are very well equipped, while those in the underdeveloped ones have no money to buy machines or even the oil to fuel them. The market in Britain is bedevilled in addition by imports of almost every kind, particularly tractors from Eastern Europe sold according to manufacturers here at below the cost of production.

That machinery sales are taking place at all is due to farmer's attitudes to inflation. They think, that the real value of the pound is collapsing so fast that they had better turn their cash or credit into something solid.

This school of thought believes that even a 20 per cent interest charge is negligible in real terms. This notion much promoted by economists of repute is all right as long as the goods or profits covered by the loan are appreciating at the rate of inflation.

But farm returns are not appreciating on this basis at all. The returns from sheep are lower than they were at this time last year. Grain storage financed at high interest rates has shown a sizeable loss because of a market collapse. The latest EEC price review awarded a 5 per cent increase overall to match a cost increase of nearly 20 per cent.

In the 30s landlords were in many cases offering their farms rent free to any who would take them. Freeholds were making from £5 an acre up to about £15 in many arable areas. In 1933 all the machinery to work a 500-acre farm cost me less than £500.

That is what I would call a slump and we are a long way from it yet I hope we never get there, but I would face if if I had to, and so would the majority of farmers.

# Queensland growers seek larger cane quota

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIAN SUGAR growers have asked the Queensland government to increase the area of land assigned to sugar cane and lift quotas on sugar mills to enable farmers to take advantage of buoyant world sugar prices.

Mr. Vic Sullivan, the Queensland Minister for Primary Industries is considering requests for an increase of 5 per cent in the land allocated to sugar cane and appropriate rises in mill quotas or "mill peaks," as they are called. This would result in an estimated 150,000 metric tonnes of sugar a year.

Under the Central Sugar Cane Prices Act, the Queensland government has strict control over the levels of sugar that can be produced by farmers in Australia. The Queensland government, through its marketing agent CSR, is solely responsible for sugar marketing.

Cane grown on land beyond the quota sells for a nominal price of A$1 (50p) a tonne compared with the usual price of around A$285 a tonne.

To the year ended June 30, the industry produced just under 3m tonnes of sugar and its income was a record A$845m (£425m) compared with A$616m the year before.

Mr. Norm Dillman, spokesman for the Australian Sugar Producers Association which represents mill owners and 70 per cent of growers, said the association believed existing mills had the capacity to mill at least another 150,000 tonnes a year.

The Sugar Producers Association has formally requested an increase in production.

Mr. Ian Burgess, deputy manager of the marketing agent CSR, said the company believed Australia could market abroad at least another 300,000 tonnes of sugar a year for at least the next two years and probably the next five.

The growers, although anxious to cash in on the present world market, are naturally cautious, as any increase tends to become permanent which could affect profitability in the long run.

The last increase was 12.5 per cent in land allocated to cane after bumper sugar prices in 1974. This was followed by poorer prices and rising stockpiles by 1978 in this most volatile commodity.

If the Queensland Minister sees merit in the idea of an increase in mill peaks and assigned land, he will call for an inquiry to be held by the Central Sugar Cane Prices Board, led by a Supreme Court judge.

The Board will hear arguments from all parties and see market information before making a recommendation to the Minister.

Meanwhile in London raw sugar futures fell with No. 4 contract £5.75 down at £321.75 a tonne. At one stage the August position fell to £300 a tonne, although the market failed to trade below that level.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Little changed on the London Metal Exchange. Forward metal opened around £925 and held around that level throughout the morning in extremely quiet trading. In the afternoon the market edged up to £928.5 on modest fresh buying but thereafter came under pressure, reflecting the sharp rise in sterling against the dollar, to end the late kerb at £926. Turnover: 16,025 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 898-9 | —5.5 | 904-5 | .5 |
| 3 months | 923-.5 | —2 | 927-.5 | +1.5 |
| Settlem't | 899 | —5.5 | — | ...... |
| Cathodes | | | | |
| Cash | | | 880-1 | —1 |
| 3 months | 877-8 | —1 | 903-4 | +1 |
| Settlem't | 898-900 | —2.5 | — | ...... |
| U.S. Prod. | 878 | —1 | *88-90 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £901, 900, three months £925, 24.5, 24, 23.5. Cathodes, cash £875, 76, 77. Kerb: Wirebars, three months £923, 24, 23.5. Afternoon: Wirebars, three months £927, 27.5, 27, 26.5, 27. Cathodes, three months £903. Kerb: Wirebars, three months £927.5, 28, 28.5, 28, 27.5, 27, 26.5, 27, 26.5.

TIN—Easier reflecting the sharp fall in Penang and the strength of sterling. Forward metal was marked down to £7,160 on the pre-market but recovered to around £7,220 on the morning kerb following renewed buying interest. In the afternoon three months metal eased to end the late kerb at £7,200 as sterling moved ahead against the dollar. Turnover: 665 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7210-30 | —45 | 7200-10 | —97.5 |
| 3 months | 7210-30 | —52.5 | 7226-45 | —87.5 |
| Settlem't | 7230 | —40 | — | ...... |
| Standard | | | | |
| Cash | 7186-95 | —75 | 7200-10 | —97.5 |
| 3 months | 7200-10 | —50 | 7215-20 | —87.5 |
| Settlem't | 7195 | —75 | — | ...... |
| Straits E. | $2103 | —52 | | ...... |
| New York | — | ...... | | ...... |

Morning: Standard, cash £7,200, 10, 7,200, 7,190, three months £7,180, 90, 95, 7,200, 7,205, 7,200. Kerb: Standard, three months £7,210, 20. Afternoon: Standard, cash £7,210, three months £7,220, 10, 20, 15, 10, 20. Kerb: Standard, three months £7,190.

LEAD—Lost ground following the unexpected rise in warehouse stocks. Forward metal was trading around £350 prior to the stocks news that subsequently fell away to £341 on modest producer selling, the rise in sterling, and profit-taking before ending the late kerb at £342.5. Turnover: 9,800 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 334-5 | —12 | 335-7 | —10.5 |
| 3 months | 342-3 | —12 | 343-4 | —8.5 |
| S'ment | 335 | —12 | — | ...... |
| U.S. Spot | — | ...... | *36-40 | ...... |

Morning: Cash £336, 35, 34, 33, 34, 35, three months £345, 46, 42. Kerb: Three months £343, 44, 45. Afternoon: Three months £345, 44.5, 44. Kerb: Three months £343, 44, 42, 41, 42.

| ZINC | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 302-4 | —4.5 | 304-5 | —3.25 |
| 3 months | 313-.4 | —5.25 | 315-6 | —3 |
| S'ment | 304 | —4 | — | ...... |
| Primw'ts | — | ...... | *35.6 | ...... |

ZINC—Little changed with forward metal finally quoted at £311.5 on the late kerb, having touched £318 in early trading. Turnover: 3,475 tonnes.

Morning: Three months £314. Kerb: Three months £313. Afternoon: Three months £315, 14.5. Kerb: Three months £315, 14, 12, 11, 12.

ALUMINIUM—Marginally easier. Forward metal held steady at £718 during the morning but gave ground in the afternoon, owing to currency considerations, to close the late kerb at £712. Turnover: 5,550 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 718-20 | —8.5 | 720-1 | —5.5 |
| 3 months | 712-3 | —7.75 | 714-.5 | —4.25 |

Morning: Cash £725, 22, 19, three months £717, 16, 15, 13. Kerb: Cash £720, three months £714. Afternoon: Cash £721, 23, three months £715, 16, 14.5. Kerb: Three months £715, 13, 12.

NICKEL—Held steady despite the influence of currency fluctuations. After opening at £2,850 during the morning forward metal moved ahead to touch £2,870 before closing the late kerb at £2,865, reflecting fresh buying interest. Turnover: 504 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| Spot | 2825-40 | +5 | 2835-40 | —10 |
| 3 months | 2855-60 | —10 | 2865-70 | +2.5 |

Morning: Three months £2,855. Kerb: Three months £2,855. Afternoon: Cash £2,835, three months £2,860, 65. Kerb: Three months £2,870.

## SILVER

Silver was fixed 7.8p an ounce lower for spot delivery in the London bullion market yesterday at £7.112. U.S. equivalents of the fixing levels were: Spot $16.8, down 10c; three-month $17.203, down 8.8c; six-month $17.63, down 8.7c; and 12-month $18.483, down 8.7c. The metal opened at £7.1-£7.25 ($16.8-$17.1) and closed at £7.10-£7.25

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| Spot | 711.20p | —7.8 | 718p | —3.75 |
| 3 months | 740.0p | —7 | 747.25p | —3.25 |
| 6 months | 765.0p | —7 | — | ...... |
| 12months | 810.30p | —7.7 | — | ...... |

LME—Turnover 112 (100) lots of 10,000 ounces. Morning: Three months 740, 41, 40.5, 41, 41.5, 40.5. Kerbs: Three months 740.5, 41. Afternoon: Cash 718, three months 743, 45, 46, 47. Kerbs: Three months 744, 48.

## COTTON

LIVERPOOL—No spot or shipment sales were recorded, and in view of uncertain prospects and the absence of demand for finished products orders were virtually non-existent. Interest ranged over a number of American type varieties and the offtake remained in very few hands.

## COCOA

Futures traded in a subdued manner throughout the day and closed quietly at levels similar to those of Friday evening. Physicals likewise reflected the lack of interest in cocoa generally, with both producers and consumers withdrawn, reports Gill and Duffus.

| COCOA | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| July | 1042-1044 | +3.0 | 1050-1037 |
| Sep | 1056-1057 | +3.0 | 1065-1048 |
| Dec | 1099-1101 | +2.5 | 1105-1090 |
| March | 1140-1144 | +0.50 | 1148-1131 |
| May | 1160-1167 | +0.50 | 1166-1160 |
| July | 1180-1190 | +1.5 | 1180-1175 |
| Sept | 1205-1215 | +5.0 | 1208-1200 |

Sales: 1,257 (2,748) lots of 10 tonnes.

## COFFEE

The closure of coffee export registrations by three of the Bogota group induced a steady robusta market with prices gaining £20 during an active opening, reports Drexel Burnham Lambert. In the afternoon prices tended to ease slightly following stronger sterling and commission house selling together with profit-taking providing good resistance on the close.

| COFFEE | yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| July | 1420-28 | +11.0 | 1440-1425 |
| Sept | 1483-84 | +7.0 | 1501-1571 |
| Nov | 1510-15 | +2.0 | 1551-1518 |
| January | 1529-30 | +0.5 | 1552-1525 |
| March | 1500-05 | —7.5 | 1525-1505 |
| May | 1500-40 | —12.5 | 1540 |
| July | 1500-60 | —10.0 | — |

Sales: 5,387 (9,014) lots of 5 tonnes.

## GRAINS

LONDON GRAIN FUTURES—The market opened unchanged in fairly slow trading, values eased with the main selling being on nearbys. Shipper buying on January options kept values fairly steady to close unchanged to 10p down on wheat and barley, reports Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterday close | + or — | Yesterday close | + or — |
| Sept. | 95.55 | —0.10 | 91.50 | —0.10 |
| Nov. | 99.30 | —0.10 | 95.50 | —0.10 |
| Jan. | 103.25 | ...... | 99.40 | ...... |
| May | 106.60 | —0.05 | 102.80 | ...... |
| Mar. | 110.00 | —0.50 | 105.90 | —0.10 |

Business done—Wheat: Sept. 95.55-95.40, Nov. 99.35-99.20, Jan. 103.25-103.10, March no trade, May 110.00-109.90. Sales 113 lots of 100 tonnes. Barley: Sept. 91.50-91.40, Nov. 95.50-95.45, Jan. 99.35-99.30, March 102.80-102.60, May 105.80-105.80. Sales 203 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No 2 14 per cent Aug. 101.35, Sept. 102.45, Oct. 104.55, Nov. 106.15, Dec. 109.55 transhipment east coast. Maize: French July 124 transhipment east coast. S. African Yellow July-Aug. 80. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 91.00, E. Midlands 92.00, Scotland 90.00.

The UK monetary coefficient for the week beginning Monday, July 14 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

## RUBBER

The London physical market opened steady with little or no interest at higher levels, closing on a weak note. Lewis and Peat reported a Malaysian godown price of 233 (230) cents a kg (buyer, July).

| No. 1 R.S.S. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| Aug | 60.30-60.80 | 60.50-60.80 | — |
| Sept | 61.70-62.20 | 61.60-61.90 | — |
| Oct-Dec | 63.80-63.90 | 63.90-64.00 | 64.00-63.80 |
| Jan-Mar | 66.90-67.00 | 67.10-67.20 | 67.70-66.90 |
| Apr-Jne | 69.60-69.70 | 69.90-70.00 | 70.40-69.60 |
| Jly-Sept | 72.20-72.30 | 72.60-72.70 | 72.70-72.20 |
| Oct-Dec | 74.60-74.70 | 74.90-75.10 | 75.00-74.60 |
| Jan-Mar | 77.10-77.20 | 77.40-77.60 | 77.20 |
| Apl-June | 79.70-79.80 | 80.00-80.10 | 80.30-79.80 |

Sales: 242 (83) at 15 tonnes, none at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.00p (same); Aug. 62.50p (same); Sept. 63.50p (63.25p).

## SOYABEAN MEAL

The London market opened slightly steadier, reports T. G. Roddick. Prices firmed on speculative buying coupled with short-covering and at one stage showed gains of £3.50. Profit-taking encouraged by strong sterling eased prices from these levels to close with rises of £2.00 on the day.

| | Yest'rday Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| August | 108.80-09.5 | +2.05 | 110.00-08.00 |
| October | 110.90-11.0 | +1.90 | 112.50-09.30 |
| December | 114.00-14.2 | +1.70 | 115.50-13.50 |
| February | 116.80-17.2 | +1.50 | 116.70-16.50 |
| April | 117.50-19.5 | +1.15 | — |
| June | 118.00-21.0 | +1.0 | — |
| August | 118.50-23.0 | —1.50 | — |

Sales: 138 (66) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £280.00 (£290.00) a tonne cif for July-Aug. shipment. White sugar daily price was £305.00 (£317.00).

Scattered sell-at-best orders at the opening found only scattered buying scale-down and losses of £6 were soon recorded. Later the market recovered following news that Iran had purchased two or three cargoes but New York quotations failed to follow through on the upside and all the gains were quickly lost, reports C. Czarnikow.

| No. 4 Contract | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Aug | 296.00-306.0 | 310.00-14.00 | 302.50-300.0 |
| Oct | 321.50-22.00 | 327.00-28.00 | 329.00-20.50 |
| Jan | 336.00-37.00 | 339.00-40.00 | 341.50-37.00 |
| Mch | 343.50-43.75 | 350.00-50.25 | 355.50-43.00 |
| May | 338.75-39.50 | 346.00-47.00 | 344.50-38.50 |
| Aug | 330.00-32.00 | 336.00-40.00 | 336.00-31.00 |
| Oct | 322.00-26.00 | 321.00-25.25 | 329.00-24.00 |

Sales: 4,551 (5,495) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller only). Aug. 313.00, 316.00; Oct. 322.00, 332.50. Sales: 1,993 (2,969).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.60 (same) a tonne for home trade and £394.50 (£403.00) for export.

## TEA AUCTION

LONDON TEA AUCTION—47,989 packages were offered at yesterday's auction. Assams lost 5p-10p, with many withdrawals. East and better Central Africans were often 2p-3p lower except brighter sorts which were generally dearer. Plain Central Africans sold well but were irregular. Ceylons were mainly dearer. Quotations:—Quality 150p per kilo, (149p): Medium 97p, (101p): Plain 72p, (70p).

## WOOL FUTURES

BRADFORD WOOL—Traders said contract order books are very thin and the trade approaches the holiday period in an atmosphere of uncertainty. Last week saw slightly more interest than previously but the levels at which bids were made were invariably very keen.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 474.0, 476.5, 476.0-474.0, 31; Oct. 455.0, 456.0, 458.0-455.0, 15; Dec. 458.0, 458.5, 458.5-457.5, 20; Mar. 462.0, 462.5, 457.0-452.3, 29; May 463.5, 464.0, 468.0-463.5, 19; July 467.0, 469.0, —, —; Oct. 466.0, 469.0, 469.0-467.5, 2; Dec. 468.0, 470.0, 469.2-469.2, 1. Sales 117.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 357.00, 363.00, nil, nil; Oct. 357, 363, nil, nil; Dec. 359, 363, nil, nil; Jan. 362, 365, 364, 3; Mar. 364, 368, 367, 5; May 364, 369, 370, 5; Aug. 369, 374, nil, nil; Oct. 369, 375, nil, nil; Dec. 374, 378, 376, 7. Sales 20.

## POTATOES

LONDON POTATO FUTURES—After opening steadier, buyers lowered their levels back towards Friday's prices and trade was thin, reported Coley and Harper. Closing prices: Nov. 46.00, +10 (high 46.00, low 46.00); Feb. 52.90, +10 (high 53.00, low 52.90); April 59.90, unchanged (high 60.00, low 59.80). Turnover: 26 lots of 40 tonnes.

MEAT COMMISSION—Average fatstock prices at representative markets on July 7. GB—Cattle 78.48p per kg lw (−1.84). UK—Sheep 143.65p per kg est dcw (−7.15). GB—Pigs 66.76p per kg lw (+0.20).

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £2.50-£3.00. Large haddock £4.00-£4.60, medium £3.50-£4.50, small £2.00-£3.60. Large plaice £6.40-£7.00, medium £4.60-£7.00, best small £3.60-£5.00. Skinned dogfish (large) £6.00-£8.00, (medium) £3.50. Lemon soles (large) £7.00, (medium) £6.00. Saithe £2.30-£3.00.

## MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 63.0 to 69.0; Ulster hindquarters 78.0 to 80.0, forequarters 41.0 to 44.0; Eire hindquarters 77.0 to 80.0, forequarters 41.0 to 44.0. Veal: Dutch hinds and ends 95.0 to 98.0. Lamb: English small 64.0 to 70.0, medium 64.0 to 68.0, heavy 60.0 to 66.0. Imported frozen:—NZ pl 61.0 to 62.0, pm 57.0 to 59.0. Pork: English, under 100 lbs 42.0 to 49.0, 100-120 lbs 40.0 to 47.5, 120-160 lbs 38.0 to 45.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: 54/113s 3.60-4.00; Cyprus: Valencia Lates 3.60-4.50; Californian Sunkist: Valencia Lates 72/113s 4.50-5.80; Outspan: Navels 3.50-4.95. Lemons—Italian: 100/150s 4.50-5.00; Spania: Trays 25/45s 1.80-2.40, boxes 4.50-5.50; S. African: 6.00-6.50. Grapefruit—Outspan: 4.00-5.25; Texas: Pink flesh 7.50-8.00. Apples—New Zealand: Sturmer Pippins 9.80, Granny Smith 10.00; Tasmanian: Sturmer Pippins 9.50-9.80, Crofton 11.50, King Cole 11.50; S. African: Golden Delicious 9.80-10.00, Granny Smith 10.00-10.20; Dutch: 22-lb Golden Delicious 2.50; French: 40-lb boxes, Golden Delicious 138/198s 7.80-9.60, 20-lb 4.40-4.80; Italian: Jonathans/Romes 40-lb 8.50. Peaches—Spanish: Yellow flesh 1.60-2.80; Italian: 1½-trays 2.60-4.50; French: 2.70-3.20; Greek: 3.30-3.50. Plums—Spanish: Red 1.80-2.60, Yellow 1.30, Gaviota trays 7-lb 1.30-1.50, Burbanks boxes 2.40-2.80; Italian: Florentias 23-lb 4.00. Apricots—Spanish: 2.60-3.30. Grapes—Per pound Californian: Perlette 0.90, Cardinal 0.80; Cyprus: Cardinal 0.80; Israeli: approx. 9-lb 5.40; Portuguese: Cardinal per pound 0.50. Melons—Israeli: Galia 4.00; Spanish: Marins 5/6s 2.00-2.40, Ogen 3.00, Galia 3.00, Yellow 10 kilos 4.50-6.50, 7 kilos 4.00-4.50. Water-Melons—Israeli: 5.00; Spanish: 3.50-4.00. Bananas—Jamaican: 28-lb, per pound 0.17. Tomatoes—Dutch: 2.90-3.00; Guernsey: 2.40-3.00; Jersey: 2.80; French: 2.40. Onions—Spanish: 6.20-6.40; Texas: 7.50; French: 6.50. Potatoes—Cyprus: New crop 20-kg 4.20; Jersey: 3.85. Carrots—French: 22-lb 2.00, 26-lb 2.80; Italian: 2.20; Cyprus: 1.60. Beetroots—Cyprus: New crop, approx. 28-lb 1.50. Cabbages—Dutch: White 2.50-2.80. Courgettes—French: Per pound 0.25. Capsicums—Dutch: 5.20; Italian: 4.00; Spanish: 3.80.

English Produce: Potatoes—Per bag, new 2.40-2.60. Mushrooms—Per pound 0.40-0.65. Apples—Per pound Bramley 0.13-0.20. Strawberries—English per ½-lb 0.15-0.25. Cabbages—Per bag 1.0?. Cauliflowers—Per 12s English 3.50-4.00. Peas—Per pound 0.19-0.20. Broad Beans—Per pound 0.08. Beetroots—Per bag 2.00. Cucumbers—Trays 10/20s 1.60-1.80. Tomatoes—Per 12-lb 2.50-2.70. Lettuce—Per pound round 0.80-1.00, Cos 1.00, Webbs 1.00. Carrots—New crop 28-lb 2.50-3.30. Rhubarb—Per pound outdoor 0.06. Onions—Per bag 6.40-6.60. Celery—English 12/30s 3.00. Gooseberries—Per pound 0.13-0.15, Levellers 0.20-0.30. Cherries—Per pound 0.40-0.45. Marrows—Each 0.25-0.30.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | July 7 1980 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1700/1720 | ...... | $1720/40 |
| Copper | | | |
| Cas w'bar | £904.5 | +0.50 | £867.5 |
| 3 mths | £927.27 | +1.5 | £888.75 |
| Cash Cathode | £880.5 | —1 | £843.5 |
| 3 mths | £903.5 | +1 | £865.5 |
| Gold troy oz | $676.5 | +10 | $626 |
| Lead Cash | £336 | —10.5 | £310.5 |
| 3 mnths | £343.5 | —8.5 | £316.5 |
| Nickel | £3,248.85 | ...... | £3,248.85 |
| Freemkt (cif lb) | 280/310c | ...... | 270/300c |
| Platin'mtr'y oz | £182.50 | ...... | £182.50 |
| Free mkt | £298.35 | —0.55 | £291.50 |
| Quicksilver† | $395/405 | —5 | $380/390 |
| Silver troy oz | 711.20p | —7.8 | 758.90p |
| 3 mths | 740.0p | —7 | 786.90p |
| Tin Cash | £7,205 | —97.5 | £7,285 |
| 3 mths | £7,217.5 | —67.5 | £7,305 |
| Tungsten 22.04 lb | $143.85 | ...... | $141.73 |
| Wolfrm 22.04 lbs | $143/146 | ...... | $136/145 |
| Zinc cash | £304.5 | —3.25 | £286 |
| 3 months | £315.5 | —3 | £297.50 |
| Producers | $780 | ...... | $7825/8 |
| Oils | | | |
| Coconut (Phil) | $642.50x | —2.5 | $645 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £410 | ...... | £391 |
| Palm Malayan | $557.50 | ...... | $567.50 |
| Seeds | | | |
| Copra Philip | $440 | ...... | $415 |
| Soyabean (U.S.) | $296.85w | ...... | $263 |
| Grains | | | |
| Barley Futures | £95.50 | —0.10 | £95.65 |
| Maize | | | |
| French No3AM | ‡ | ...... | ‡ |
| Wheat | | | |
| No.1 Red Spg. | ‡ | ...... | ‡ |
| No2HardWint | ‡ | ...... | ‡ |
| Eng. Milling† | ‡ | ...... | ‡ |
| Other commodities | | | |
| Cocoa ship't | £1,107 | +3 | £1,175 |
| Future Sept. | £1,056.5 | +3 | £1,109 |
| CoffeeFt'Sept. | £1,483.5 | +7 | £1,734.5 |
| Cotton A Index | 85.30c | ...... | 84.65c |
| Rubber (kilo) | 59p | ...... | 59.25p |
| Sugar (Raw) | £280 | —10 | £298 |
| Woolt'ps 64s kl. | 290p kilo | +1 | 284p kilo |

u July-Aug. s June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

# AMERICAN MARKETS

NEW YORK, July 7.

THE VIOLENCE of the weather was reflected in the extreme moves in commodity markets. There was commercial profit-taking in grains, soyabeans and cotton with net losses for wheat, and mixed closes in maize and soyabeans. The livestock markets after opening firmly, closed sharply lower to limit down. Gold and silver advanced sharply on indications of intensified conflict in Afghanistan. Copper responded to trade buying with good gains. Sugar was limit down, mostly on technical trading. Coffee closed limit up as producing countries announced withdrawal of marketings until the price recovers. Cocoa improved slightly in very light trading, reported Heinold.

Potatoes (round whites)—Nov. 78.5-78.9 (78.2). March 101.0 (101.2). April 120.5-121.0. Sales: 1,035.

Sugar—No. 11: Sept. 30.05-30.15 (31.31). Oct. 32.47 (33.47). Jan. 33.65. March 34.67. May 33.89. July 32.80. Sept. 31.83. Oct. 31.80. Sales: 11,278.

Tin—783.00-785.00 asked (771.00-784.00).

CHICAGO, July 7.

Lard—Chicago loose 18.00. New York prime steam 18.00.

Live Cattle—Aug. 70.90-71.10 (71.32). Oct. 68.60-68.75 (69.15). Dec. 68.95-69.05. Jan. 70.00. Feb. 69.85-69.55. April 70.65. June 72.00.

Live Hogs—July 42.40-42.60 (43.17). Aug. 41.17-41.00 (41.95). Oct. 40.45-40.50. Dec. 43.60-43.55. Feb. 46.40. April 45.70. June 47.90. July 48.20. Aug. 48.35.

‡‡Maize—July 294½-295½ (298). Sept. 302-301 (302¾). Dec. ——. March 324-324½. May 332¾. July 336.

Pork Bellies—July 40.22 (42.22). Aug. 39.52 (41.52). Feb. 55.00-54.90. March 55.00. May 55.40. July 55.75. Aug. 55.10.

Silver—July 1725.0 (1703.0). Aug. 1735.0 (1713.5). Sept. ——. Oct. 1769.0. Dec. 1803.0. Feb. 1837.0. April 1871.0. June 1905.0. Aug. 1939.0. Oct. 1973.0. Dec. ——. Feb. 2041.0. April 2075.0. June 2109.0. Aug. ——. Oct. ——.

†Soyabeans—July 717-713 (713½). Aug. 725-723 (716). Sept. 732. Nov. 747-744. Jan. 763-761. March 776-775. May 787½-790. July 797½.

‖Soyabean Meal—July 194.5-195.0 (189.8). Aug. 197.0-196.5 (192.3). Sept. 199.0-199.5. Oct. 201.0-201.5. Dec 206.5-207.0. Jan. 209.0-209.5. March 215.0. May 218.0. July 222.0. Aug. ——.

Soyabean Oil—July 25.45 (25.09). Aug. 25.45-25.55 (25.13). Sept. 25.65-25.70. Oct. 25.80-25.90. Dec. 26.20-26.30. Jan. 26.40-26.30. March 26.80. May 26.80. July 27.00-27.05. Aug. 27.10-27.20.

†Wheat—July 435 (439¼). Sept. 446-445 (449). Dec. 464-463. March 477-476½. May 482. July 480½-479.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, July 7.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $201. U.S. No. 2 Red Winter July $190, Aug. $192, Sept. $215, Oct. $218, Nov. $220, Dec. $229. per cent, July $212, Aug. 213, Sept. $197. U.S. No. 2 Northern Spring, 14 Rest unquoted.

Maize—Spot $146, afloat $152.50, June $142.50, July $144.50, Aug. $146, Sept. $147.75, Oct.-Dec. $152, Jan.-March $160.50, April-June $165.

Soyabeans—U.S. Two Yellow Gulfports Aug. $287.50, Sept. $293.30-$294.75, Nov. $298, Feb. $314-$315 traded. Argentina July $284, Aug. $284, Sept. $292 sellers.

Soyameal—44 per cent protein U.S. afloat $226, July $230, Aug. $236, Sept. $238, Nov.-March $255. Brazil Pellets July $238, Aug. $242, Sept. $248, Nov.-March $265.

PARIS, July 7.

Cocoa (FFr per 100 kilos)—July 970, Sept. 991-1015, Dec. 1015-1019, March 1050-1065, May 1060-1080, July 1075-1095. Sales at call 1.

Sugar (FFr per 100 kilos)—Aug. 2935-2955, Oct. 3036-3040, Nov. unquoted, Dec. 3100-3110, March 3265-3271, May 3260, July 3260, Aug. 3260. Sales at call 26.

## INDICES

### FINANCIAL TIMES

| July 4 | July 3 | M'nth ago | Year ago |
|---|---|---|---|
| 272.46 | 271.13 | 267.66 | 294.04 |

(Base: July 1, 1952=100)

### MOODY'S

| July 3 | July 2 | M'nth ago | Year ago |
|---|---|---|---|
| 1188.3 | 1186.6 | 1121.7 | 1094.9 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | July 3 | July 2 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 425.10 | 437.95 | 412.44 | 419.63 |
| F'tur's | 442.74 | 444.83 | 441.18 | 432.38 |

(Average 1924-25-26=100)

### REUTERS

| July 7 | July 4 | M'nth ago | Year ago |
|---|---|---|---|
| 1685.9 | 1690.4 | 1670.5 | 1600.7 |

(Base: September 18, 1931=100)

# Fall expected in India's long staple cotton

NEW DELHI — India's production of extra-long staple cotton is expected to fall in the new season beginning September 1980. Because of a stockpile of 10,000 bales with growers in southern Andhra Pradesh state, cotton experts said.

Reuter

# LONDON STOCK EXCHANGE

# Optimism about monetarist policies strengthen and Gilts rise £1⅜ while equity index jumps 11.2 to 495.0

**Account Dealing Dates**
**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| June 30 | July 10 | July 11 | July 21 |
| July 14 | July 24 | July 25 | Aug. 4 |
| July 28 | Aug. 7 | Aug. 8 | Aug. 18 |

* "New time" dealings may take place from 9 am two business days earlier.

Optimism about a rapid *fall* in interest rates later in the year and a lowering in the rate of UK inflation strengthened in London stock markets yesterday. Institutional and smaller clients alike committed substantial funds to both the two main investment sectors, although it was the former which attracted the larger sums and spearheaded the advance.

Overseas money was drawn to Government securities via sterling, which maintained a good tone, and was concentrated on longer-dated stocks. Gains here extended to an impressive 1½ points before profit-taking pared them to around 1⅜, movements which increased the chance of a good subscription to the new long £20-paid tap stock, Treasury 12 per cent 1987, at tomorrow's application. The untapped shorter end of the Gilt-edged market was more restrained because of yield considerations and the possibility of a new tap announcement.

Equity markets gave no sign of extending last week's strong tone in the first hour or so. The Oil sector was flat on bearish weekend newspaper comment and most leading shares were generally easier with attention focused on **British Petroleum** and **Selection Trust** following the former's share exchange or cash offer, which brought a resumption of dealings in both companies along with **Charter Consolidated**, a major shareholder of Selection Trust.

Maintenance of the firm early trend in Gilt-edged, however, provoked a sudden about-turn in the equity sectors just after 11.00 am with **GEC** again leading the movement. Institutional sources were said to be re-investing part of their current substantial interest payments from Government stocks in good-quality industrials, including many constituents of the FT 30-share index.

This measure of the market was showing a fall of 2.0 at 11.00 am, but went sharply higher to close with a net gain of 11.2 at 495.0 which made a three-day upsurge of 31.4 points; the index has come up nearly 20 per cent in the last five weeks. The expansion in market activity was confirmed by total bargains yesterday of 27,696 compared with the recent daily average of 21,714.

Traded options continued to attract a good business and 2,346 deals were recorded. Last week's daily average amounted to 1,918. **Lonrho** were dealt 311 times, while **Imperial** recorded 201 trades in front of Thursday's annual results.

**S.P.O. Minerals** staged a successful market debut; from an opening level of 100p, the shares touched 111p before closing at 107p compared with the placing price of 80p; the shares are dealt under Rule 163 (2).

## Banks good

*Undeterred* by last week's 1 per cent reduction in base lending rates, the major clearing banks made fresh progress on buying ahead of the interim dividend season which begins next week. **Lloyds**, which report on July 18, rose 6 to 330p, while **Barclays** gained a similar amount to 398p. The trend towards lower interest rates encouraged Hire Purchases with **Provident Financial** prominent with a rise of 9 at 137p. **UDT**, additionally helped by Press comment, put on 4 to 64p, while **F.C. Finance** firmed 3 to 83p as did **Lloyds and Scottish**, to 157p. Elsewhere, investment demand lifted **Hambros** 10 to 507p, and the continuing strength of gilts prompted rises of 4 and 6 respectively in **Clive Discount**, 52p, and **Smith St. Aubyn**, 146p.

Institutional buyers came for Breweries which closed with gains to 8. **Greenall Whitley** advanced that much to 213p, while **Whitbread**, 173p, and **Bass**, 238p, both added 3. Wines and Spirits were featured by **Distillers**, 8 up at 216p; the preliminary results are expected in the next Account.

A shade easier at first, leading Buildings moved ahead on fresh institutional buying which left **Blue Circle** 10 higher at 368p and **BPB** 8 to the good at 223p. **Tarmac** firmed 4 to 266p and **London Brick** 2 to 81p. Among Contracting and Construction issues, **Costain** were well to the fore and put on 10 to 178p, while **Taylor Woodrow** rose 7 to 429p and **Wimpey** 3 to 76½p. Increased interest was shown in **S.G.B.**, 7 firmer at 166p, and **Aberdeen Construction**, 9 up at a 1980 peak of 132p. Elsewhere, **Heywood Williams** hardened a couple of pence to 72p in response to the annual results.

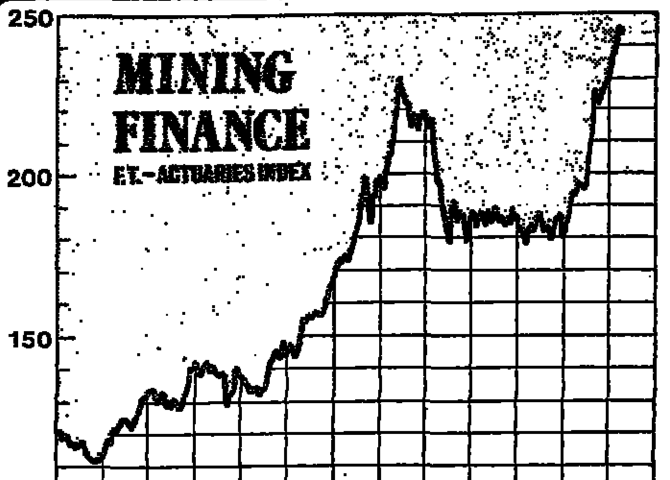
**ICI** encountered a useful two-way business after opening lower at 384p and the close was 2 firmer on balance at 390p.

Leading Stores continued firm although once again the level of business left much to be desired. **Marks and Spencer** attracted interest and rose 4 at 95p, while similar gains were recorded in **Burton**, 124p, and **GUS "A,"** 438p.

Still drawing strength from last week's good results, **GEC** surged further ahead in Electricals and closed 18 higher at a 1980 high of 446p. **Thorn EMI**, with preliminary results due on Friday, added 6 to 310p, while **Plessey** gained a similar amount to 197p and **Racal** rose 8 to 270p. **MK** jumped 12 to 185p in response to Press comment.

**Tubes**, 12 better at 276p, led the advance in Engineerings. Assisted by Press comment, **Hawker** touched 224p before closing 6 up on balance at 222p, while **GKN** closed 5 dearer at 246p. **Vickers**, however, cheapened 3 to 131p in the wake of Friday's publication of the group's offer document detailing the £39.5m merger with Rolls-Royce Motors and outlining compensation payments due for the nationalisation of its aircraft and shipping interests. Elsewhere, investment recommendations prompted rises of 5 and 13 respectively in **Baker Perkins**, 82p, and **Ransome Sims and Jefferies**, 155p, while **Edbro** added 8 to 102p on recovery hopes.

The Food sector made a useful contribution to the firm trend. **Tate and Lyle** pushed up 8 to 156p, while buying ahead of next week's preliminary results lifted **Unigate** 4 to 133p. **J. Sainsbury**, up 8 at a 1980 peak of 411p, were outstanding in Supermarkets. Elsewhere, **Danish Bacon A** put on 10 to 112p and **Amos Hinton** 9 to 76p in thin markets.




## Bestobell better

Miscellaneous industrials staged another broad advance yesterday with sentiment still buoyed by last week's MLR reduction and hopes that interest rates will soon fall further. The leaders closed with double-figure gains in places with stock-shortage an important factor in the rise. **Reckitt and Colman** gained 12 to 214p and **Metal Box** 10 to 310p. Vague suggestions that Barlow Rand may launch a bid for **Turner and Newall** helped the latter close 6 to the good at 127p, after 128p, while **Boots** ended a like amount higher at 218p. Secondary issues were featured by a gain of 10 to 274p in **Bestobell** on continuing talk that **BTR** will return for a second bid when the obligatory 12-month waiting period ends shortly; **BTR** put on 7 to 356p. **Christies International** rose 11 to 222p in response to a broker's circular, while **National Carbonising** put on 6 to 146p and **European Ferries** advanced 7 to 189p following Press comment. Up 43 last week ahead of and after the bid approach from Allegheney Ludlum, **Wilkinson Match** rose 5 afresh to 160p. **Sothebys** improved 15 to 550p on buying ahead of Thursday's interim results. Speculative support was again forthcoming for far-eastern concern **Jardine Matheson** and the close was 3 up at 186p, after 195p, while **Hutchison Whampoon** ended 9 up at 93½p and **Stelux Manufacturing** 6 to the good at 58p.

Good support was noted for selected Motor Components. **Lucas**, a dull market of late, rallied 8 to 206p, while **Dunlop** recovered Friday's fall of 3 to close at 80p and **Dowty** added 5 at 215p. Elsewhere, revived speculative demand lifted **ERF** 9 to 65p, while **Fodens** picked up a couple of pence to 27p; the latter announces annual results next week. **Henlys**, 81p, lost 4 of Friday's rise of 17 following the company's denial of a bid approach.

Properties made steady progress and closing levels were the best of the day with **Land Securities** and **MEPC** adding 4 apiece to 344p and 217p respectively. **Great Portland Estates**, 364p, and **Slough Estates**, 135p, both gained 6, while **Haslemere Estates** rose 8 to 348p. Still responding to the preliminary results, **Town and City** firmed 1¾ to 22½p.

## Oils react

Secondary Oils reacted sharply on Press suggestions that certain exploration issues were trading at levels well above their true worth. The initial mark-down, however, encouraged buying and closing quotations were usually above the worst. **Candecca** opened at 188p, but improved steadily to close only 4 cheaper on balance at 202p, while **Carless Capel** dipped to 136p before finishing 9 down at 140p. **Aran** closed 26 lower at 458p, after 450p, and **Attock** 14 cheaper at 268p, after 264p. **Clyde** weakened 40 to 550p, while **Berkeley Exploration** touched 230p prior to closing only 4 easier on balance at 246p. **Lasmo**, up 15 at 805p, following a favourable Press mention, provided a notable movement against the trend.

Investment Trusts reflected the firm equity market and closed with rises to 15. **Camellia** rose that much to 475p, while late support lifted **Alliance Trust** 10 to 231p. **Rothschild** closed 8 to the good at 362p, while **Jardine Securities** picked up 7 at 94p.

Shippings were selectively higher. **P & O Deferred** added 5 to 124p, while **British and Commonwealth** improved 6 at 332p. **Caledonia Investments** gained 7 at 291p, but the boardroom tussle clipped a couple of pence from **Milford Dock**, 170p.

Textiles usually tended higher where altered. **Courtaulds** continued to attract good support and firmed 3 more to 87p, while buying of a more speculative nature helped **Mountleigh**, 69p, and **Sirdar**, 94p, up 5 and 2 respectively.

**Imperial**, interim results Thursday, hardened 1½ at a 1980 peak of 88½p. Elsewhere in firm Tobaccos, **Bats** improved 9 to 287p.

## Sel. Trust steady

Mining markets began the week on a quiet note. News of the terms of the **BP** bid for **Selection Trust** led to the resumption of dealings in Selection Trust, BP and Charter Consolidated. Selection Trust opened at £12½, compared with the pre-suspension price of £12¼, and held around that level throughout the day before closing at £12½, while **Charter** opened at 207p and closed at 209p. **BP** were initially quoted at 360p but fell to 356p before closing at 358p, compared with a pre-suspension price of 374p.

Other London-registered Financials encountered profit-taking but generally closed above the day's lowest. **RTZ** fell to 453p but rallied to close a net 8 cheaper at 457p, while **Gold Fields** were finally 5 off at 555p, after 553p, and **Tanks** 6 easier at 346p, after 343p. In generally firm South African Financials, **Anglo American Corporation** were well supported and rose 15 to 640p following news that Anglo and Lonrho are negotiating the possible development of a new gold/uranium mine in the Orange Free State.

Dealings were suspended in **Welkom**, **Free State Saaiplaas** and **Western Holdings** at their respective closing levels on Friday; the three mines adjoin the area in which the new mine is located.

South African Golds were quietly firm reflecting the continuing steadiness of the bullion price, which put on $10 to $676.50 an ounce.

The mines in the Gold Fields group were particularly wanted ahead of the June quarter results which are due for publication on Wednesday morning. **West Driefontein** put on ½ to £34, **Kloof** a like amount to £14, **Doornfontein** 30 to 751p and **Deelkraal** 20 to 258p. The Gold Mines index rose 3.5 to 364.1.

In Diamonds, **De Beers** edged up 7 to 412p; the half-year diamond sales figure is expected in the next week or so.

## FINANCIAL TIMES STOCK INDICES

| — | July 7 | July 4 | July 3 | July 2 | July 1 | June 30 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs.... | 70.34 | 69.97 | 69.92 | 69.50 | 69.09 | 69.18 | 73.08 |
| Fixed Interest.......... | 71.43 | 71.17 | 71.02 | 70.81 | 70.75 | 70.70 | 74.75 |
| Industrial.................. | 495.0 | 483.8 | 480.1 | 463.6 | 461.4 | 464.8 | 468.7 |
| Gold Mines................ | 364.1 | 360.6 | 358.4 | 361.4 | 364.7 | 358.8 | 153.0 |
| Ord. Div. Yield.......... | 7.34 | 7.50 | 7.50 | 7.76 | 7.80 | 7.72 | 6.70 |
| Earnings, Yld. %(full) | 17.84 | 17.98 | 18.13 | 18.76 | 18.86 | 18.68 | 15.80 |
| P/E Ratio (net) (*)... | 6.79 | 6.76 | 6.71 | 6.48 | 6.46 | 6.59 | 7.83 |
| Total bargains ......... | 27,696 | 26,151 | 22,555 | 22,725 | 22,212 | 22,505 | — |
| Equity turnover £m. | — | 171.09 | 169.78 | 223.39 | 183.70 | 115.86 | 58.36 |
| Equity bargains total | — | 19,724 | 18,492 | 16,409 | 18,134 | 17,985 | 11,024 |

10 am 482.9. 11 am 481.8. Noon 488.8. 1 pm 491.4. 2 pm 492.2. 3 pm 492.7.

Latest index 01-246 8026.

*Nil=6.33.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1980 High | 1980 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt Secs.. | 70.53 (28/6) | 63.85 (7/3) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int... | 71.43 (7/7) | 64.70 (10/3) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord.... | 495.0 (7/7) | 406.9 (3/1) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 377.9 (29/2) | 265.5 (18/3) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | July 7 | July 4 |
|---|---|---|
| —Daily | | |
| Gilt Edged... | 126.9 | 129.6 |
| Industrials... | 148.3 | 153.4 |
| Speculative. | 68.4 | 46.4 |
| Totals......... | 96.8 | 101.9 |
| 5-day Avge. | | |
| Gilt Edged... | 124.0 | 121.3 |
| Industrials.. | 130.8 | 127.8 |
| Speculative. | 59.8 | 57.5 |
| Totals......... | 90.7 | 89.3 |

## NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

**NEW HIGHS (354)**

BRITISH FUNDS (47)
CORPORATION LOANS (10)
COMMONWEALTH AND AFRICAN LOANS (2)
LOANS (5)
CANADIANS (2)
BANKS (17)
BEERS (11)
BUILDINGS (12)
CHEMICALS (5)
DRAPERY AND STORES (5)
ELECTRICALS (13)
ENGINEERING (10)
FOODS (4)
HOTELS (5)
INDUSTRIALS (58)
INSURANCE (21)
LEISURE (2)
MOTORS (2)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (23)
SHIPPING (1)
TEXTILES (4)
TOBACCOS (2)
TRUSTS (113)
OIL AND GAS (2)
OVERSEAS TRADERS (5)
MINES (5)

**NEW LOWS (18)**

CHEMICALS (2)
British Benzol — Cory (Horace)
STORES (3)
Boardman (K. O.) — MFI
Lincroft Kilgour
ELECTRICALS (2)
Fidelity Radio — Muirhead
ENGINEERING (3)
Clifford (Ch.) — Howard Machinery
Dennis (J. H.)
INDUSTRIALS (3)
Brady Inds. "A" — Relyon
P.M.A.
NEWSPAPERS (1)
Int. Thomson Conv.
TEXTILES (2)
Sunbeam Wolsey — Tern-Consulate
MINES (2)
South Crofty — Hemerdon

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds ......... | 79 | 1 | 17 |
| Cpn. Dom. and Foreign Bonds ...... | 31 | 4 | 31 |
| Industrials .............. | 425 | 114 | 855 |
| Financial and Prop. | 259 | 32 | 205 |
| Oils .......................... | 5 | 28 | 20 |
| Plantations .............. | 6 | — | 20 |
| Mines ........................ | 53 | 29 | 76 |
| Others ...................... | 22 | 11 | 120 |
| Totals ...................... | 880 | 219 | 1,339 |

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 300 | 64 | — | 73 | 10 | 86 | — | 359p |
| BP | 330 | 34 | 20 | 50 | 8 | 64 | — | " |
| BP | 360 | 12 | 7 | 32 | 6 | 46 | 8 | " |
| BP | 390 | 3 | 31 | 21 | 24 | 34 | — | " |
| BP | 420 | 1 | 6 | 12 | — | — | — | " |
| Com. Union | 130 | 32 | 10 | 39 | — | 43 | — | 161p |
| Com. Union | 140 | 22 | 32 | 30 | 15 | 35 | 5 | " |
| Com. Union | 160 | 7 | 89 | 14½ | 32 | 21 | 2 | " |
| Cons. Gold | 500 | 60 | 6 | 93 | 5 | 107 | — | 554p |
| Cons. Gold | 550 | 22 | 54 | 58 | 25 | 77 | 1 | " |
| Cons. Gold | 600 | 6 | 10 | 26 | 45 | 40 | 5 | " |
| Courtaulds | 70 | 18 | 20 | 21½ | 4 | 23 | — | 87p |
| Courtaulds | 80 | 8½ | 29 | 14 | 59 | 16 | — | " |
| Courtaulds | 90 | 2 | 23 | 9 | 139 | 12 | 10 | " |
| GEC | 330 | 120 | — | 132 | 3 | 146 | — | 445p |
| GEC | 360 | 90 | 1 | 106 | 10 | 119 | — | " |
| GEC | 390 | 60 | 2 | 79 | 21 | 95 | — | " |
| GEC | 420 | 31 | 113 | 55 | 21 | 72 | 17 | " |
| Grand Met. | 130 | 37 | 2 | 39½ | 58 | 44 | — | 165p |
| Grand Met. | 140 | 27 | — | 31 | 52 | 36 | — | " |
| Grand Met. | 160 | 8½ | 53 | 19 | 62 | 26 | 18 | " |
| ICI | 360 | 34 | 7 | 46 | 12 | 58 | 5 | 391p |
| ICI | 390 | 9½ | 15 | 23 | 17 | 38 | 11 | " |
| ICI | 420 | 1½ | — | 10 | 29 | — | — | " |
| Land Secs. | 293 | 56 | 5 | 69 | — | 80 | — | 345p |
| Land Secs. | 323 | 26 | — | 45 | 16 | 57 | — | " |
| Land Secs. | 353 | 7 | 10 | 26 | 14 | 39 | 9 | " |
| Marks & Sp. | 90 | 6 | 63 | 11½ | — | 15 | 19 | 95p |
| Marks & Sp. | 100 | 1½ | — | 6½ | 95 | 10 | 103 | " |
| Shell | 390 | 20 | — | 34 | — | 50 | 4 | 404p |
| Shell | 420 | 5 | — | 20 | 46 | 32 | 1 | " |
| Totals | | | 608 | | 827 | | 218 | |
| | | **August** | | **November** | | **February** | | |
| Imperial Gp. | 70 | 20½ | 5 | 22 | — | 23½ | — | 88p |
| Imperial Gp. | 80 | 10½ | 64 | 12½ | 45 | 15½ | 7 | " |
| Imperial Gp. | 90 | 4 | 56 | 6 | 9 | 10 | 15 | " |
| Lonrho | 80 | 30 | — | 32 | 2 | 36 | — | 107p |
| Lonrho | 90 | 21 | 38 | 23 | 23 | 29 | 10 | " |
| Lonrho | 100 | 13½ | 40 | 18 | 28 | 21 | 24 | " |
| Lonrho | 110 | 8 | 86 | 13 | 57 | 16 | 3 | " |
| P. & O. | 100 | 25 | 2 | 28½ | — | 30½ | — | 122p |
| P. & O. | 120 | 7½ | 17 | 14½ | 10 | 16½ | 10 | " |
| Racal Elec. | 240 | 35 | 19 | 49 | — | 60 | — | 270p |
| Racal Elec. | 260 | 20 | 25 | 35 | 10 | 46 | — | " |
| Racal Elec. | 280 | 10 | 7 | 24 | 59 | 35 | — | " |
| RTZ | 420 | 48 | 13 | 73 | — | 95 | — | 456p |
| RTZ | 460 | 24 | 15 | 45 | 4 | 68 | — | " |
| RTZ | 500 | 14 | 10 | — | — | — | — | " |
| Totals | | | 397 | | 227 | | 69 | |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Mon., July 7, 1980 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Fri., July 4 Index No. | Thur., July 3 Index No. | Wed., July 2 Index No. | Tues., July 1 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS(172) | 268.11 | +2.2 | 17.33 | 6.10 | 7.00 | 262.23 | 255.73 | 250.01 | 249.31 | 241.07 |
| 2 | Building Materials (28) | 255.66 | +1.8 | 18.14 | 6.50 | 6.54 | 251.15 | 243.93 | 241.88 | 240.66 | 223.80 |
| 3 | Contracting, Construction(27) | 387.28 | +2.5 | 23.83 | 6.32 | 5.00 | 377.90 | 366.26 | 363.95 | 365.51 | 361.15 |
| 4 | Electricals (16) | 750.12 | +3.3 | 13.17 | 3.48 | 9.41 | 726.17 | 710.20 | 678.16 | 677.32 | 574.63 |
| 5 | Engineering Contractors (11) | 312.83 | +0.8 | 21.71 | 8.28 | 5.78 | 310.34 | 305.43 | 305.14 | 305.08 | 375.77 |
| 6 | Mechanical Engineering (74) | 176.26 | +1.8 | 18.08 | 7.47 | 6.77 | 173.74 | 169.05 | 166.76 | 166.11 | 180.15 |
| 8 | Metals and Metal Forming(16) | 169.56 | +1.0 | 21.32 | 10.01 | 5.62 | 167.94 | 164.54 | 162.41 | 161.23 | 165.55 |
| | CONSUMER GOODS | | | | | | | | | | |
| 11 | (DURABLE) (49) | 228.10 | +2.3 | 14.14 | 5.64 | 8.70 | 222.97 | 218.98 | 217.07 | 216.91 | 226.63 |
| 12 | Lt. Electronics, Radio, TV(14) | 338.44 | +2.7 | 10.86 | 4.03 | 11.72 | 329.56 | 322.23 | 320.56 | 319.61 | 309.00 |
| 13 | Household Goods (14) | 101.98 | −0.1 | 23.47 | 10.37 | 5.40 | 102.11 | 100.66 | 99.15 | 99.27 | 158.88 |
| 14 | Motors and Distributors (21) | 102.06 | +1.6 | 22.47 | 9.72 | 5.17 | 100.45 | 99.94 | 98.11 | 98.58 | 115.96 |
| | CONSUMER GOODS | | | | | | | | | | |
| 21 | (NON DURABLES) (172) | 240.09 | +1.8 | 17.28 | 6.69 | 6.98 | 235.85 | 231.33 | 225.68 | 226.45 | 232.49 |
| 22 | Breweries (14) | 305.64 | +1.5 | 14.80 | 6.02 | 7.88 | 301.16 | 292.41 | 281.99 | 280.43 | 274.91 |
| 23 | Wines and Spirits (5) | 320.12 | +3.4 | 17.02 | 5.84 | 7.24 | 309.59 | 303.57 | 295.02 | 296.32 | 303.95 |
| 24 | Entertainment, Catering (17) | 349.80 | +2.3 | 16.51 | 6.39 | 7.51 | 342.09 | 335.07 | 329.73 | 328.80 | 313.03 |
| 25 | Food Manufacturers(21) | 216.50 | +1.1 | 18.56 | 6.89 | 6.34 | 214.15 | 209.65 | 205.97 | 204.41 | 201.84 |
| 26 | Food Retailing(13) | 337.47 | +1.7 | 12.48 | 4.69 | 9.57 | 331.86 | 325.26 | 324.47 | 324.74 | 293.94 |
| 32 | Newspapers, Publishing (13) | 453.98 | −0.2 | 21.03 | 6.44 | 6.42 | 455.08 | 448.99 | 445.53 | 439.77 | 422.48 |
| 33 | Packaging and Paper (15) | 136.46 | +1.7 | 26.19 | 9.59 | 4.44 | 134.18 | 131.55 | 129.23 | 127.97 | 125.51 |
| 34 | Stores (42) | 227.73 | +2.0 | 13.49 | 5.42 | 9.55 | 223.28 | 221.24 | 216.75 | 218.64 | 237.17 |
| 35 | Textiles(24) | 140.47 | +1.0 | 23.25 | 11.06 | 5.24 | 139.13 | 136.67 | 133.46 | 133.03 | 158.10 |
| 36 | Tobaccos (3) | 238.18 | +2.6 | 25.61 | 9.72 | 4.42 | 232.14 | 224.55 | 220.16 | 219.09 | 240.19 |
| 37 | Toys and Games(5) | 26.95 | −1.1 | 45.12 | 14.15 | 2.57 | 27.25 | 27.25 | 27.39 | 27.19 | 70.62 |
| 41 | OTHER GROUPS (99) | 228.85 | +1.4 | 16.25 | 6.73 | 7.31 | 225.70 | 221.04 | 217.51 | 215.84 | 199.09 |
| 42 | Chemicals (16) | 326.53 | +1.0 | 19.01 | 7.38 | 6.03 | 323.39 | 321.67 | 315.50 | 313.49 | 272.40 |
| 43 | Pharmaceutical Products (7) | 241.07 | +2.5 | 10.59 | 5.73 | 11.63 | 235.18 | 225.72 | 219.36 | 216.40 | 214.15 |
| 44 | Office Equipment (6) | 112.95 | +0.4 | 19.28 | 7.35 | 5.93 | 112.52 | 107.11 | 107.56 | 107.71 | 119.42 |
| 45 | Shipping (10) | 584.76 | +2.4 | 13.13 | 6.03 | 9.29 | 571.14 | 566.09 | 554.61 | 547.25 | 453.47 |
| 46 | Miscellaneous (60) | 274.52 | +1.2 | 16.52 | 6.64 | 7.41 | 271.26 | 264.88 | 262.31 | 260.53 | 241.85 |
| 49 | INDUSTRIAL GROUP (492) | 251.32 | +1.9 | 16.83 | 6.47 | 7.16 | 246.76 | 241.60 | 237.03 | 235.30 | 233.18 |
| 51 | Oils (8) | 802.91 | −2.5 | 28.76 | 6.41 | 3.84 | 823.35 | 824.30 | 810.91 | 800.54 | 682.91 |
| 59 | 500 SHARE INDEX | 295.04 | +0.9 | 19.27 | 6.46 | 6.08 | 292.31 | 287.57 | 282.30 | 280.64 | 269.24 |
| 61 | FINANCIAL GROUP (118) | 228.47 | +1.7 | — | 5.50 | — | 224.59 | 221.89 | 219.79 | 216.33 | 191.48 |
| 62 | Banks(6) | 236.39 | +1.4 | 41.27 | 6.88 | 2.97 | 233.04 | 229.52 | 231.99 | 231.04 | 236.98 |
| 63 | Discount Houses (10) | 265.29 | +0.8 | — | 6.66 | — | 263.26 | 262.84 | 261.62 | 261.62 | 266.20 |
| 64 | Hire Purchase (5) | 234.16 | +3.5 | 13.35 | 4.27 | 9.73 | 226.22 | 223.03 | 215.40 | 214.72 | 164.55 |
| 65 | Insurance (Life) (10) | 226.09 | +2.7 | — | 5.63 | — | 220.09 | 216.01 | 213.21 | 205.66 | 152.42 |
| 66 | Insurance (Composite) (9) | 156.43 | +2.1 | — | 6.88 | — | 153.17 | 151.01 | 147.79 | 143.68 | 124.72 |
| 67 | Insurance Brokers (9) | 343.75 | +2.7 | 13.52 | 6.66 | 10.16 | 334.63 | 326.05 | 316.04 | 313.66 | 249.94 |
| 68 | Merchant Banks (13) | 132.68 | −0.1 | — | 5.08 | — | 132.85 | 131.58 | 129.69 | 127.10 | 97.72 |
| 69 | Property (45) | 420.53 | +1.5 | 3.27 | 2.75 | 43.31 | 414.23 | 411.94 | 407.77 | 402.13 | 352.67 |
| 70 | Miscellaneous (11) | 137.77 | +0.4 | 15.95 | 6.33 | 7.97 | 137.25 | 136.33 | 135.83 | 135.76 | 117.86 |
| 71 | Investment Trusts (109) | 254.78 | +1.2 | — | 5.45 | — | 251.73 | 245.06 | 241.98 | 241.69 | 208.79 |
| 81 | Mining Finance (4) | 243.26 | −1.0 | 11.10 | 4.06 | 10.87 | 245.63 | 239.49 | 236.73 | 229.92 | 119.90 |
| 91 | Overseas Traders (19) | 401.53 | +0.7 | 12.46 | 6.97 | 9.86 | 398.65 | 390.68 | 387.81 | 381.20 | 337.18 |
| 99 | ALL-SHARE INDEX(750) | 280.95 | +1.0 | — | 6.16 | — | 278.10 | 273.53 | 269.16 | 267.01 | 245.76 |

### FIXED INTEREST PRICE INDICES

| | British Government | Mon., July 7 | Day's change % | xd adj. today | xd adj. 1980 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 106.58 | +0.35 | — | 5.18 |
| 2 | 5-15 years | 112.82 | +0.65 | — | 6.77 |
| 3 | Over 15 years | 117.42 | +1.20 | — | 7.39 |
| 4 | Irredeemables | 130.88 | +0.16 | — | 7.24 |
| 5 | All stocks | 111.90 | +0.76 | — | 6.37 |

### FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

| | | | Mon., July 7 | Fri., July 4 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 11.53 | 11.64 | 10.22 |
| 2 | | 15 years | 11.51 | 11.61 | 10.69 |
| 3 | | 25 years | 11.51 | 11.61 | 11.16 |
| 4 | Medium Coupons | 5 years | 12.89 | 13.06 | 12.09 |
| 5 | | 15 years | 13.05 | 13.21 | 12.23 |
| 6 | | 25 years | 13.03 | 13.20 | 12.22 |
| 7 | High Coupons | 5 years | 13.02 | 13.14 | 12.40 |
| 8 | | 15 years | 13.42 | 13.55 | 12.59 |
| 9 | | 25 years | 13.36 | 13.55 | 12.52 |
| 10 | Irredeemables | | 11.20 | 11.22 | 10.61 |

| | | Monday, July 7 Index No. | Monday, July 7 Yield % | Friday July 4 | Thurs. July 3 | Wed. July 2 | Tues. July 1 | Mon. June 30 | Friday June 27 | Thur. June 26 | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 53.19 | 13.93 | 53.06 | 53.04 | 53.00 | 52.99 | 53.00 | 53.00 | 53.01 | 57.56 |
| 16 | Investment Trust Prefs. (15) | 49.97 | 13.54 | 49.97 | 49.52 | 49.52 | 49.34 | 49.34 | 49.46 | 49.46 | 52.09 |
| 17 | Coml. and Indl. Prefs, (20) | 64.50 | 13.91 | 64.42 | 64.46 | 64.46 | 64.35 | 64.38 | 64.38 | 64.38 | 69.85 |

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1980 high | 1980 low |
|---|---|---|---|---|---|---|
| LASMO | 25p | 13 | 805 | +15 | 830 | 337 |
| Premier Cons. | 5p | 12 | 103 | −2 | 109 | 39½ |
| GEC | 25p | 10 | 446 | +18 | 446 | 326 |
| ICI | £1 | 10 | 390 | +2 | 402 | 348 |
| Racal Electronics | 25p | 9 | 270 | +8 | 270 | 175 |
| Charter Cons. | 2p | 8 | 207 | — | 212 | 134 |
| Lonrho | 25p | 8 | 107 | +3 | 110 | 78 |
| Beecham | 25p | 7 | 159 | +4 | 160 | 108 |
| Distillers | 50p | 7 | 216 | +8 | 219 | 184 |
| Eng. China Clays | 25p | 7 | 98 | +2 | 98 | 74 |
| European Ferries | 25p | 7 | 189 | +7 | 189 | 98 |
| RTZ | 25p | 7 | 457 | −8 | 485 | 327 |
| Town & City Prp. | 10p | 7 | 22½ | +1¾ | 22½ | 16 |
| Tube Invs. | £1 | 7 | 276 | +12 | 312 | 240 |
| Vickers | £1 | 7 | 131 | −3 | 144 | 99½ |

## OPTIONS

| First Dealing | Last Dealing | Last Declaration | For Settlement |
|---|---|---|---|
| Jul. 7 | Jul. 18 | Oct. 9 | Oct. 20 |
| Jul. 21 | Aug. 1 | Oct. 23 | Nov. 3 |
| Aug. 4 | Aug. 15 | Nov. 6 | Nov 17 |

*For rate indications see end of Share Information Service*

Calls were produced in Ladbroke, Tebbitt, ESG, Reckitt and Colman, Steaua Romana, KCA, De Beers Deferred, Highland Distilleries, Ultramar, Premier Oil, Town and City Properties, Dunlop, Great Portland Estates, Lonrho, Muirhead, Apex, FNFC, Carrington Viyella, Western Mining, Grootvlei, Western Areas and Sovereign. Puts were done in Premier Oil and Grand Metropolitan, while doubles were completed in Howard Machinery, Phoenix Assurance and General Accident.

## RECENT ISSUES

### EQUITIES

| Issue Price p: | Amount Paid Up | Latest Renunc. Date | 1980 High | 1980 Low | Stock | Closing Price p | + or − | Div. Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 55 | F.P. | 20/6 | 90 | 74 | Home Farm Prods10p | 90 | ...... | b2.9 | 2.5 | 4.6 | 12.3 |
| — | F.P. | — | 9 | 3 | ††Jenkin & Purser | 8¼ | ...... | — | — | — | — |
| §83 | F.P. | 27/5 | 91 | 79 | Oakwood Group | 81 | ...... | b6.5 | 2.4 | 11.5 | 5.2 |
| 100 | F.P. | 27/5 | 110 | 91 | Peerless | 92 | ...... | b6.3 | 2.8 | 9.8 | 4.6 |
| §80 | F.P. | — | 112 | 107 | ††S.P.O. Minerals10p | 107 | ...... | — | — | — | — |
| 18½ | F.P. | 1/8 | 27½ | 18¾ | Tebbitt 10p | 27 | −½ | — | — | — | — |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid Up | Latest Renunc. Date | 1980 High | 1980 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‡‡ | Nil | 23/7 | £1¼pm | £⅝pm | British Home Stores 9% Cnv. Ln. '92 | £1¼pm | ...... |
| ¶¶ | F.P. | 22/8 | 101 | 95 | Cowie (T.) 10½% Conv. Red. Cum. Pref. | 95 | ...... |
| 100 | F.P. | — | 100½ | 100 | Daiei 8½% Conv. Bds. due 1995 | 100½ | +½ |
| ¶ | F.P. | 4/9 | 103 | 101⅞ | Folkstone & District Water 10pcPref '85 | 103 | ...... |
| ¶¶ | F.P. | — | 67½ | 63½ | London & Midlandinds 8½ pc Deb. '89-94 | 67½ | ...... |
| ¶ | F.P. | 4/9 | 103 | 101⅞ | North Surrey Water 10pc Pref. 1985 | 103 | ...... |
| ¶ | £10 | 8/8 | 12¾ | 11½ | South Staff. Water9½% Rd. Pf. '85 | 12¾ | ...... |

## "RIGHTS" OFFERS

| Issue Price p: | Am'unt Paid Up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1980 High | 1980 Low | Stock | Closing price p: | + or − |
|---|---|---|---|---|---|---|---|---|
| 103 | Nil | 14/7 | 15/8 | 20pm | 14pm | Astbury & Madeley | 14pm | −2 |
| 132 | Nil | 25/7 | 8/9 | 23pm | 14pm | Berisford (S. & W.) | 22pm | −1 |
| 115 | F.P. | 4/7 | 1/8 | 139 | 134 | Brown & Jackson | 126 | +2 |
| 100 | F.P. | 3/7 | 7/8 | 152 | 134 | Carless Capel | 140 | −12 |
| 55 | Nil | 22/7 | 15/8 | 20pm | 14½pm | Charterhall | 17pm | −2 |
| 50 | Nil | — | — | 38pm | 37pm | Crest, Nicholson | 38pm | ...... |
| 54 | F.P. | 11/6 | 23/7 | 65 | 61 | Eleco | 65 | ...... |
| 620 | Nil | 15/7 | 5/8 | 62½pm | 25pm | Harrison & Crosfield | 50pm | ...... |
| 40 | F.P. | 30/6 | 18/7 | 47 | 41½ | Hawley Leisure | 45½ | +1 |
| 265 | F.P. | 1/7 | 15/8 | 345 | 307 | Land Securities | 346 | +1 |
| 118 | F.P. | 3/6 | 18/7 | 154 | 124 | Linfood | 154 | ...... |
| 126 | Nil | — | 8/8 | 159pm | 127pm | Lloyds & Scottish | 159pm | +1 |
| 60cts | Nil | — | — | 436pm | 190pm | Pancontinental | 525pm | +5 |
| 96 | F.P. | 20/6 | 18/7 | 152 | 128 | Silvermines | 140 | −12 |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

# UNIT TRUST SERVICE

## OFFSHORE & OVERSEAS—contd.

**King & Shaxson Mngrs.**
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706

**Providence Capital Life Ass. (C.I.)**
PO Box 121, St Peter Port, Guernsey 0481 26726/9

| | | | | |
|---|---|---|---|---|
| Sterling Bond Fd. | 48.2 | 50.6 | | — |
| Sterling Equity Fd. | 59.4 | 62.3 | | — |
| Intnl. Bond Fd. | US$0.98 | 1.03 | | — |
| Intnl. Equity Fd. | US$0.99 | 1.04 | | — |

Prices at July 2. Next dealing July 9.

**Quest Fund Mngmnt. (Jersey) Ltd.**

**Surinvest Trust Managers Ltd.**
48, Athol Street, Douglas, Isle of Man. 0624 23914

| | | | |
|---|---|---|---|
| The Coin Trust | 106.9 | 112.5 | |

**TSB Unit Trust Managers (C.I.) Ltd.**
10, Wharf St., St. Helier, Jersey (CI). 0534 73494

| | | | | |
|---|---|---|---|---|
| TSB Jersey Fund | 50.9 | 53.6 | | 5.36 |

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Cent. Board of Fin. of Church of England

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Crescent Unit Tst. Mgrs. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

M & G Group—Continued

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Sebag Unit Tst. Managers Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs.

TSB Unit Trusts (y)

Tyndall Managers Ltd.

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

## INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

## OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Management & Research

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| | | |
|---|---|---|
| [illegible] | | |

Five to Fifteen Years

| | | |
|---|---|---|
| [illegible] | | |

Over Fifteen Years

| | | |
|---|---|---|
| [illegible] | | |

Undated

| | | |
|---|---|---|
| [illegible] | | |

## INTERNATIONAL BANK

| | | |
|---|---|---|
| [illegible] | | |

## CORPORATION LOANS

| | | |
|---|---|---|
| [illegible] | | |

## COMMONWEALTH AND AFRICAN LOANS

| High | Low | Stock | Price | + or − | Int. | Red. |
|---|---|---|---|---|---|---|
| 90½ | 82¼ | Aust. 5½pc '81-82 | 99 | +¼ | 6.21 | 12.55 |
| 81½ | 72½ | Do. 6pc 1981-83 | 81½ | +¼ | 7.41 | 13.05 |
| 64½ | 58 | N.Z. 7¼pc 1988-92 | 64½ | +½ | 11.28 | 13.26 |
| 78½ | 72 | Do. 7¼pc '83-86 | 78½ | +¼ | 9.59 | 12.84 |
| 96¼ | 88 | Sth. Africa 9½pc '79-81 | 95¾ | +¼ | 10.09 | 14.36 |
| 160 | 107 | Sth. Rhod. 2½pc '65-70 | 153# | ..... | — | — |
| 169 | 133 | Do. 6pc '78-81 | 167# | ..... | — | — |

## LOANS

Public Board and Ind.

| | | |
|---|---|---|
| [illegible] | | |

Financial

| | | |
|---|---|---|
| [illegible] | | |

## FOREIGN BONDS & RAILS

| | | |
|---|---|---|
| [illegible] | | |

## AMERICANS

| | | |
|---|---|---|
| [illegible] | | |

## CANADIANS

| | | |
|---|---|---|
| [illegible] | | |

## BANKS AND HIRE PURCHASE

| | | |
|---|---|---|
| [illegible] | | |

Hire Purchase, etc.

| | | |
|---|---|---|
| [illegible] | | |

## BEERS, WINES AND SPIRITS

| | | |
|---|---|---|
| [illegible] | | |

## BUILDING INDUSTRY, TIMBER AND ROADS

| | | |
|---|---|---|
| [illegible] | | |

## BUILDING INDUSTRY—Contd.

| | | |
|---|---|---|
| [illegible] | | |

## CHEMICALS, PLASTICS

| | | |
|---|---|---|
| [illegible] | | |

## DRAPERY AND STORES

| | | |
|---|---|---|
| [illegible] | | |

## ELECTRICALS

| | | |
|---|---|---|
| [illegible] | | |

## ELECTRICALS—Continued

| | | |
|---|---|---|
| [illegible] | | |

## ENGINEERING MACHINE TOOLS

| | | |
|---|---|---|
| [illegible] | | |

## FOOD, GROCERIES, ETC.

| | | |
|---|---|---|
| [illegible] | | |

## FOOD, GROCERIES—Cont.

| | | |
|---|---|---|
| [illegible] | | |

## HOTELS AND CATERERS

| | | |
|---|---|---|
| [illegible] | | |

## INDUSTRIALS (Miscel.)

| | | |
|---|---|---|
| [illegible] | | |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هكذا من الأجل

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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## OIL AND GAS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

| 400 | 305 | Lunuva £1 | 365 | ...... | 17.0 | 1.8 | 6.7 |
|---|---|---|---|---|---|---|---|

### Africa

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australian

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 25 | 21 | Acmex 50c | 23 | ...... | — | — | — |
| 24 | 12 | ACM 20c | 20 | ...... | — | — | — |
| 105 | 52½ | Bond Corp. | 103 | ...... | †Q2.8c | 2.2 | 1.4 |
| 156 | 88 | Bougainville I Kina | 138 | ...... | ‡Q26.2c | 1.8 | 10.4 |
| 265 | 195 | BH South 50c | 200 | ...... | ♦ | — | — |
| 25 | 11½ | Canada Northwest | 22 | ...... | — | — | — |
| 42 | 8 | Carr Boyd 20c | 35 | +2 | — | — | — |
| £36⅜ | £15¼ | Central Pacific | £35⅛ | +¾ | — | — | — |
| 356 | 230 | Conzinc Riotinto 50c. | 276 | +2 | Q15c | 2.1 | 2.8 |
| 41 | 17 | Cultus Pacific N.L. | 39 | ...... | — | — | — |
| 52 | 20 | Eagle Corp. 10c | 45 | ...... | — | — | — |
| 27½ | 15¼ | Endeavour 20c | 26 | −1 | — | — | — |
| 464 | 175 | G. M. Kalgoorlie 25c | 448 | −12 | †Q3c | — | 0.3 |
| 46 | 15 | Great Eastern | 26 | ...... | — | — | — |
| 457 | 260 | Hamptn Areas 5p. | 450 | ...... | 4.5 | ϕ | 1.4 |
| 192 | 30 | Haoma Gold N.L. | 185 | −4 | — | — | — |
| 50 | 15 | Intl. Mining | 50 | ...... | — | — | — |
| 720 | 80 | Leichardt Expln. | 230 | ...... | — | — | — |
| 72 | 41 | Metals Ex. 50c | 61 | −1 | — | — | — |
| 312 | 187 | M.I.M. Hldgs. 50c | 244 | +4 | †Q16.1c | 1.8 | 3.4 |
| 21 | 7 | Minefields Expl. 25c. | 21 | ...... | — | — | — |
| 155 | 60 | Mount Lyell 25c | 92 | ...... | — | — | — |
| 28 | 15 | Newmetal 20c | 22 | ...... | — | — | — |
| 35 | 12 | Nickelore N.L. | 35 | ...... | — | — | — |
| 207 | 137 | North B. Hill 50c. | 174 | −1 | †Q12c | 1.4 | 3.6 |
| 101 | 44½ | Nth. Kalgurli | 95 | −1 | — | — | — |
| 165 | 90 | Nth. Mining Corp. | 140 | ...... | — | — | — |
| 164 | 24 | N. West Mining N.L. | 149 | −3 | — | — | — |
| 235 | 144 | Oakbridge $A1 | 205 | −16 | Q12c | 4.7 | 3.0 |
| 153 | 70 | Oilmin N. L. | 140 | ...... | — | — | — |
| 230 | 128 | Pacific Copper | 216 | +4 | — | — | — |
| 465 | 255 | Pancont'l 25c | 340 | +5 | — | — | — |
| 78 | 42 | Paringa M&Ex.5p | 64 | −2 | — | — | — |
| 495 | 335 | Peko-Wallsend 50c. | 440 | +10 | †Q17.5c | ϕ | 2.0 |
| 230 | 140 | Seltrust A | 184 | ...... | — | — | — |
| £14¼ | 575 | Southern Pacific | £13½ | +¾ | — | — | — |
| 98 | 31 | Swan Resources 20c. | 93 | ...... | — | — | — |
| 34 | 8 | West Coast 25c | 34 | ...... | — | — | — |
| 274 | 177 | Westn. Mining 50c. | 268 | +1 | †Q7c | 1.6 | 1.4 |
| 30 | 10 | Westmex | 21 | ...... | — | — | — |
| 108 | 56 | Whim Creek 20c. | 105 | −1 | — | — | — |
| 32 | 10½ | York Resources | 27 | ...... | — | — | — |

### Tins

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 25 | 14 | Amal Nigeria 1p | 15 | ...... | j6.0 | — | — |
| 345 | 255 | Ayer Hitam $M1 | 305 | ...... | ‡Q290c | 0.9 | ‡ |
| 67 | 42 | Beralt Tin | 57xd | +2 | 4.5 | 3.2 | 11.3 |
| 225 | 149½ | Berjuntai $M1 | 210 | ...... | ‡Q95c | 1.0 | ‡ |
| 230 | 153 | Geevor | 160 | ...... | 8.4 | 1.9 | 7.5 |
| 11 | 10 | Gold & Base 12½p | 10½ | ...... | — | — | — |
| 460 | 310 | Gopeng Cons. | 460 | ...... | †25.0 | 1.8 | 7.8 |
| 330 | 260 | Hongkong | 320xd | ...... | ‡35.87 | ϕ | ‡ |
| 105 | 90 | Idris 10p | 93 | ...... | 14.0 | 1.2 | 21.5 |
| 15 | 12½ | Jantar 12½p | 13 | ...... | 1.5 | ϕ | 16.5 |
| 92 | 64 | Kamunting $M0.50 | 92 | ...... | Q47½c | 1.1 | 11.6 |
| 250 | 150 | Killinghall $M1 | 250 | ...... | hQ50c | ϕ | 4.1 |
| 880 | 485 | Malay Dredging $M1 | 755 | ...... | ♦mQ105c | 2.6 | 2.8 |
| 33 | 26 | Pahang | 32 | +1 | 0.44 | 8.3 | 2.0 |
| 108 | 99 | Pengkalen 10p | 92 | ...... | 6.0 | 1.3 | 9.3 |
| 305 | 230 | Petaling $M1 | 305 | ...... | †Q150c | 1.4 | 10.3 |
| 70 | 57 | Saint Piran | 65# | ...... | ‡2.5 | 6.4 | ‡ |
| 44 | 22 | South Crofty 10p | 22 | −3 | 1.0 | ϕ | 6.5 |
| 350 | 160 | South Kinta $M0.50 | 310 | ...... | ♦Q150c | 1.0 | 10.3 |
| 525 | 340 | Sthn Malayan $M1 | 510 | ...... | ♦Q175c | 2.1 | 7.1 |
| 305 | 215 | Sungei Besi $M1 | 295 | ...... | †Q520c | 1.8 | 36.0 |
| 39 | 22½ | Supreme Corp. $M1 | 38 | ...... | hQ8c | — | 4.3 |
| 103 | 90 | Tanjong 15p | 102 | ...... | 5.75 | 6.0 | 8.1 |
| 95 | 78 | Tongkah H. Tin | 80 | ...... | Q45c | 1.3 | 12.6 |
| 330 | 220 | Tronoh $M1 | 295 | ...... | Q250c | 0.7 | 17.2 |

### Copper

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 235 | 130 | Messina R0.50 | 230 | +10 | mQ10c | ϕ | 2.5 |

### Miscellaneous

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 180 | 78½ | Anglo-Dominion | 135 | +5 | — | — | — |
| 97 | 52 | Barymin | 57 | +3 | — | — | — |
| 17 | 12 | Burma Mines 10p | 14½ | ...... | 0.62 | 1.1 | 6.2 |
| 502 | 308 | Cons. Murch. 10c. | 340xd | ...... | MQ100c | 1.8 | 16.8 |
| 130 | 115 | ††Hemerdon 10c. | 115 | −5 | — | — | — |
| 585 | 325 | Northgate C$1 | 415 | ...... | — | — | — |
| 485 | 327 | R.T.Z. | 457 | −8 | 15.0 | 3.2 | 4.7 |
| 33 | 16 | Robert Mines | 24 | ...... | — | — | — |
| 58 | 26 | Sabina Inds. C$1 | 29 | +2 | — | — | — |
| 51 | 44 | ††SWCM 10p | 48 | −2 | — | — | — |
| 650 | 411 | Tara Exptn. $1 | 443 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| Stock | Price | + or − | IRISH | Price | + or − |
|---|---|---|---|---|---|
| Albany Inv. 20p | 30 | ...... | Conv. 9% '80/82 | £91⅝ | +½ |
| Bertam | 16 | ...... | Nat. 9¾% 84/89 | £78¼ | +⅝ |
| Bdg'wtr. Est. 50p | 415 | ...... | Fin. 13% 97/02 | £92⅞ | +⅝ |
| Clover Croft | 60 | ...... | Alliance Gas | 48 | ...... |
| Craig & Rose £1 | £10½ | ...... | Arnott | 345 | ...... |
| Fife Forge | 32½ | ...... | Carroll (P.J.) | 54 | ...... |
| Finlay Pkg. 5p | 18 | ...... | Clondalkin | 116 | ...... |
| Graig Ship. £1 | £17½ | +½ | Concrete Prods. | 78 | ...... |
| Higsons Brew | 77 | ...... | Helton (Hldgs.) | 32 | ...... |
| Holt (Jos) 25p | 258 | ...... | Ins. Corp. | 246 | ...... |
| I.O.M. Stm. £1 | 190 | ...... | Irish Ropes | 45 | ...... |
| Pearce (C. H.) | 355 | ...... | Jacob | 32 | ...... |
| Peel Mills | 40 | ...... | T.M.G. | 87 | ...... |
| Sheff. Refrshmt. | 102½ | −½ | Unidare | 80 | ...... |
| Sindall (Wm.) | 143 | ...... | | | |

## OPTIONS

## 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 7 | I.C.I. | 27 | Utd. Drapery | 6½ |
| BOC Intl. | 6 | "Imps" | 6½ | Vickers | 12 |
| B.S.R. | 4½ | I.C.L. | 14 | Woolworths | 5½ |
| Babcock | 8 | Inveresk | 4 | **Property** | |
| Barclays Bank | 34 | Ladbroke | 15 | Brit. Land | 7 |
| Beecham | 10 | Legal & Gen. | 15 | Cap. Counties | 9 |
| Blue Circle | 25 | Lex Service | 8 | Land Secs. | 28 |
| Boots | 16 | Lloyds Bank | 24 | MEPC | 17 |
| Bowaters | 15 | "Lots" | 3½ | Peachey | 13 |
| B.A.T. | 28 | London Brick | 6 | Samuel Props. | 12 |
| Brown (J.) | 6 | Lucas Inds. | 17 | Town & City | 2 |
| Burton 'A' | 10 | "Mams" | 14 | **Oils** | |
| Cadburys | 5½ | Mrks. & Spncr | 8 | Brit. Petroleum | 32 |
| Courtaulds | 3 | Midland Bank | 26 | Burmah Oil | 20 |
| Debenhams | 8 | N.E.I. | 5 | Charterhall | 10 |
| Distillers | 17 | Nat. West. Bank | 27 | KCA | 11 |
| Dunlop | 7½ | P & O Dfd. | 10 | Premier | 13 |
| Eagle Star | 15 | Plessey | 14 | Shell | 35 |
| F.N.F.C. | 2¼ | Racal Elect. | 22 | Tricentrol | 40 |
| Gen. Accident | 21 | R.H.M. | 4½ | Ultramar | 35 |
| Gen. Electric | 36 | Rank Org. | 15 | **Mines** | |
| Glaxo | 18 | Reed Intnl. | 16 | Charter Cons. | 14 |
| Grand Met. | 12 | Sears | 5 | Cons. Gold | 40 |
| G.U.S. 'A' | 34 | Tesco | 6 | Lonrho | 8 |
| Guardian | 23 | Thorn | 28 | Rio T. Zinc | 35 |
| G.K.N. | 20 | Trust Houses | 12 | | |
| Hawker Sidd | 15 | Tube Invest. | 25 | | |
| House of Fraser | 15 | Unilever | 40 | | |
| | | U.D.T. | 5½ | | |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

# FINANCIAL TIMES

Tuesday July 8 1980




# Carter's Tokyo visit lifts trade hopes

BY JUREK MARTIN IN WASHINGTON AND GILES MERRITT IN BRUSSELS

THE MEMORIAL service in Tokyo this week for Mr. Masayoshi Ohira, the late Japanese Prime Minister, will *provide an opportunity for high*-level contacts that could help defuse serious trade tensions among the EEC, the U.S. and Japan.

Both Herr Wilhelm Haferkamp, EEC External Relations Commissioner, named yesterday as the European Commission's *representative at the ceremonies*, and President Jimmy Carter, are likely to express concern at the level of Japanese car exports.

Japanese car sales to the U.S. now command about 23 per cent of the domestic market.

President Carter will be travelling to the Japanese capital straight from Detroit, heart of the U.S. motor industry, where he is to confer with corporate and union leaders this morning.

Last week, the President received the report of an intragovernmental task force on ways in which the U.S. industry, now in the grip of a severe recession, might be helped.

The report does not specifically recommend that action be taken against Japanese car im*ports, but lists several* options, some protectionist, and their economic consequences.

The issue has led to tension between the EEC and the U.S. The European Commission last week warned the U.S. aganist curbing its imports of Japanese cars, as that could deflect Japanese sales into the EEC.

Brussels wants Japan to clarify future levels of output in its motor industry following the EEC motor manufacturers' call for a study of Japan's growing hold on European markets.

*Herr Haferkamp*'s Tokyo visit will provide him with an opportunity to make further soundings on Japan's reaction to a proposed new strategy drawn up by Brussels Commission officials and designed to put EEC-Japan trade on a more positive footing.

The plan, *which seeks to* abolish EEC member-states' various national restrictions on Japanese goods in return for export restraint in sensitive *sectors where European indus*try is being restructured, is due to be put to EEC Governments later this month.

The need for a new relationship on trade with Japan is being underlined in Brussels by forecasts that the 1979 trade deficit with Tokyo of $5bn will this year widen to $9bn. There have recently been signs that Japan is prepared to study the initiative.

● President Carter will hold his first meeting with Chairman Hua Guofeng, the Chinese leader, in Tokyo on Thursday.

Last *year*, Mr. Hua accepted an invitation to visit the U.S., tentatively scheduled for the first part of this year. But circumstances, including Mr. Hua's involbement in internal affairs and President Carter's preoccupation with the Iranian and Afghanistan problems, pre*vented the visit.*

# Living standards show 1½% fall in first quarter

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AVERAGE LIVING standards started to fall in the first three months of this year, but the impact on demand was temporarily delayed as consumers reduced their savings to maintain spending.

Central Statistical Office *figures published yesterday* show that the squeeze on both households and companies started early this year, though the full effects did not become apparent until April.

Average living standards, as measured by real personal disposable income, dropped by about 1½ per cent in the first three months of this year from the previous quarter.

This drop reflected the combination of a sharp fall in total employment, the loss of earnings in the steel industry during its strike and the absence of *the big income tax rebates of* the previous three months.

Despite the first quarter fall, real disposable incomes were still 4 per cent higher than a year earlier and over 12¼ per cent higher than in the same period of 1978, after allowing for tax changes.

Most households did not adjust their spending to the first quarter fall in real incomes. Indeed consumer expenditure rose by about 2 per cent.

This was financed by a reduction in personal savings to 14.2 per cent of disposable incomes from the unusually high 17.3 per cent rate at the end of last year. These figures are, however, subject to revision.

**LIVING STANDARDS**

| | | Personal disposable income (£m at 1975 prices) | Savings ratio (per cent*) |
|---|---|---|---|
| 1976 | | 73,917 | 12.8 |
| 1977 | | 72,822 | 12.3 |
| 1978 | | 77,626 | 12.8 |
| 1979 | | 82,289 | 14.4 |
| | 1st | 20,167 | 14.0 |
| | 2nd | 20,471 | 11.7 |
| | 3rd | 20,360 | 14.4 |
| | 4th | 21,291 | 17.3 |
| 1980 | 1st | 20,981 | 14.2 |

All figures seasonally adjusted
* Personal savings as a percentage of total personal disposable income

*Source: Central Statistical Office*

Since the end of March, households *appear to have* reduced spending. Revised sales figures published yesterday show that spending in May was 2¼ per cent less than in the first three months of this year.

The pressure on companies has so far been much greater than on households. For example, yesterday's figures show that the gross trading profits of industrial and commercial companies dropped by 9 per cent to £3.51bn in the first three months of this year compared with the previous quarter. This is after deducting profits arising both from the rise in value of industry's stocks and from North Sea oil and gas operations.

# Backing for Soviet talks

BY ROGER BOYES IN BONN

CHANCELLOR Helmut Schmidt yesterday strongly defended the recent West German and French summit talks with the Soviet leadership and hinted that Moscow may make concessions on Afghanistan as a result of his meeting with President Leonid Brezhnev.

The German Chancellor's comments came in an interview published yesterday as President Valery Giscard d'Estaing started his first-ever State visit to West Germany. The two leaders held informal talks *which centred mainly on* the Chancellor's Moscow visit.

It is understood that they compared their impressions of the state of the Soviet leadership, of the chances for a total withdrawal from Afghanistan and of the Kremlin's attitude to strategic arms limitation talks.

In his interview with the magazine Der Spiegel, Herr Schmidt said that he thought the partial withdrawal of Soviet troops from Afghanistan was the result of President Giscard's recent talks with Mr. Brezhnev in Warsaw.

Chancellor Schmidt said similar action could result from his own visit to Moscow last week. Mr. Brezhnev, he said, had promised to discuss the German proposals for a total withdrawal at a meeting of the *ruling* Politburo. "I don't believe," said Herr Schmidt, "that this was simply diplomatic politeness."

The Chancellor is clearly anxious to quell the fears of both the NATO allies and the West German opposition that his Soviet trip did little more than break Moscow's isolation and may even have helped to legitimise the Soviet invation. Herr Schmidt stressed that it was illogical to suppose that it was possible to isolate a Super-Power.

However, a leaked version of the minutes of the Chancellor's talks with Mr. Brezhnev, published yesterday, will hardly help Herr Schmidt to achieve this objective. The leak shows among a number of sensitive issues that Mr. Brezhnev strongly warned Herr Schmidt against supporting the entry of Spain into NATO. The West German Government has denied that the minutes are the authoritative version of what was said, but no official has yet denied the details of the report.

**Honecker to meet Schmidt, Page 2**

# Bonn keeps tight monetary policy

BY PETER MONTAGNON IN BASLE

THE WEST GERMAN Bundes*bank has made it plain to other* central banks that it intends to stick to its tight monetary policy, according to participants at the Bank for International Settlements' monthly meeting here.

Yesterday's private meeting of Central Bank Governors from the Group of 10 industrialised countries and Switzerland focused once again on international interest rates.

This followed last week's one percentage point cut in the Bank of England's Minimum Lending Rate to 16 per cent, and the U.S. Federal Reserve Board's announcement that it will unwind the special credit *restraint* programme introduced in March.

Many present at the meeting appear to believe that, while recession is clearly entrenched in Britain and the U.S., the West German economy remains buoyant by international standards, although signs of an imminent downturn are showing.

This means West Germany does not face the same problems of accommodating a strong anti-inflation policy to cope with steadily rising unemployment.

But the West German authorities are known to be very concerned about the large deficit on the external current account. This is expected to exceed DM 20bn (£4.8bn) this year, as well as about a 6 per cent rate of inflation, high by recent West German standards.

This month's routine meeting has provided a timely opportunity for the bankers to re-examine monetary policies in the *light* of some countries' worsening economic position.

Many believe that co-ordination will be needed to ensure that interest rate developments do not unsettle foreign exchange markets. Central Banks have recently had to step up intervention support for the dollar.

# Curb coal imports, Gormley urges

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. JOE GORMLEY, president of the National Union of Mineworkers, yesterday demanded the reimposition of import controls on coal.

In his opening address to the union's annual conference in Eastbourne, Mr. Gormley said the lessons of the 1960s and *early 1970s had still to be* learned—that supplies of energy from abroad could quickly become both difficult and expensive to obtain.

He accused the Government of taking a short-sighted view of the coal industry which it would only regret in the long run.

He also strongly criticised the Government's planned restrictions on the National Coal Board's finances—the measures contained in the Coal Industry Bill. Interest charges on borrowings would mean Board was likely to show a heavy loss, and would overshadow the 4m tonne increase in output last year, the 2 per cent increase in productivity and a 10 per cent increase in sales.

It was impossible for the Board to become self-financing in the three to four years laid down by the Government. The constraints of the new Bill were also bad for the morale of miners, he said. They would not be able to see the fruits of their endeavours in the Board's accounts.

Mr. Gormley expressed the suspicion of many miners' leaders that although Western heads of state at the recent *Venice summit meeting had* declared their support for coal production, the British industry was in for a further bout of contraction.

Collieries and jobs were threatened by the rundown of the steel industry at home and by the cheap coal on world markets.

## THE LEX COLUMN

# Selection Trust strikes oil

Less than three months ago the shares of Selection Trust *traded for £6 or so. Now BP has* agreed to pay more than double that in order to secure the consent of the ST Board and also of Charter Consolidated, which has a stake of 26 per cent. Shareholders of ST can choose flexibly between share swap terms of 18-for-5, worth £12.90, and a cash alternative of £12.75.

The sheer size of BP is reflected not just in the price it is prepared to pay but also in the fact that it is apparently indifferent as to whether its £400m bid is financed by issuing shares which could amount to a maximum of 7 per cent of its equity (incidentally diluting the Government holding from 46 to a minimum of 43 per cent) or by paying cash. In its last balance-sheet BP showed liquid resources of £1.44bn.

End-1979 net worth of ST amounted to just £7.84 a share, so the price owes a great deal to future prospects, the presence of a top-quality mining *development team*, and to strightforward haggling. BP has been desperately keen to expand into minerals, and ST's negotiators have been able to capitalise on the fact that in *terms of size and quality it is* much the most attractive proposition for BP. For some years BP has been building up its own operation, BP Minerals, and this is now spending some £7m a year on exploration (compared with £4m spent by ST ignoring joint venture partners) but it is still a long way from the production stage. After taking ST on board, BP will be able to beef up the programmes and rely less on joint ventures. But its activities in minerals will still barely show up against total capital em*ployed of £10bn or so.*

Charter Consolidated's statement yesterday was rather curious. It has duly accepted BP's terms, which are worth just over £100m to it (say 100p a share ignoring tax complications). But it is clearly anxious not to appear stranded in cash and has won a commitment from BP to enter into arm's length talks over the purchase of the ST subsidiary Alexander Shand, which could be worth a little over £20m, and to buy unspecified North Sea interests from BP itself. In all, around half the £100m could go straight back into new investments, although there can be no question of a firm agreement because that would be in breach of the Takeover Code which specifies that particular shareholders must not receive special treatment in a bid.

So BP, an oil company, is buying into minerals, and Charter, a minerals group, is hoping to buy into oil. Diversification is an alluring but expensive concept, and it looks as though BP's shareholders are footing the bill, with the share price down from 374p on suspension last Friday to 358p—a drop which knocks £250m off BP's market capitalisation.

**Index rose 11.2 to 495.0**

### Electronic rentals

The deferred tax acounting standard SSAP 15 can be a two-edged sword, as Electronic Rentals has found out with the Finance Bill legislation replacing 100 per cent first year capital allowances on TV rental assets with 25 per cent annual write-downs. Up to now the company has used the standard to the full effectively paying no mainstream corporation tax whatsoever and providing for none. The changeover leaves it with a potential liability of £44.7m and while it has £20m of unused tax allowances and £10m of advance corporation tax recoverable, this still leaves an uncomfortable gap of £14.7m.

The gap is rather greater than the level of projected capital expenditure can bridge, and the company plans to narrow it by paying a full 52 per cent tax charge over the next few years. Even so, it has created a £6m deferred tax reserve, just in case. *Meanwhile, dividends* will be absorbing the bulk of post-tax historic cost profits.

### Wholesale prices

Yesterday's batch of indicators points unequivocally to recession: for May, a fall in hire purchase credit and housing starts and a downward revision to an already low retail sales figure; for June signs of further moderation in wholesale price inflation. The year-on-year rise in wholesale output prices should continue *to fall from its present level of* 17½ pe cent, both because raw material costs are no longer a serious problem and because competition now seems to be seriously restricting the scope for price increases.

At the same time, income and expenditure figures for the *first quarter show* that a 2 per cent volume rise in consumer spending co-incided with a 1½ per cent fall in real disposable income — admittedly from late 1979 levels that were boosted by tax rebates. The result was a sharp drop in the savings ratio from 17.3 per cent to a more normal 14.2 per cent; subsequent retail sales figures suggest the savings ratio is falling no further. Despite the high consumer spending, gross company trading profits—stripping out stock appreciation and the North Sea — fell 9 per cent in money terms from the level of the last quarter of 1979.

Both gilt-edged and equities remain in a state of high excitement, with gains of well over a point on long bonds yesterday and a rise of 11.2 points on the FT 30-Share Index, while the All-Share Index is only 1 per cent off its record high. Some of the recent buying has looked rather frothy, and a setback in gilt-edged — when the 1987 tap stock has been cleared away, perhaps — would not be surprising. But any further stories of foreign buying could keep the ball rolling for a while yet.

# Penn plans $500m purchase

By David Lascelles in New York

PENN CENTRAL, the rehabilitated remains of the bankrupt railroad, yesterday announced plans to buy one of the largest cable makers in the U.S. for over $500m (£212m) in a deal which would re-establish it as a major industrial corporation.

The company is GK Technologies, formerly General Cable, which once had a mutual *stockholding* arrangement with British Insulated Callender's Cables.

In a joint announcement yesterday the two companies said they had signed an agreement in principle for the merger of GK into a Penn Central subsidiary.

*Under the proposal*, GK shareholders will be able to choose between $45 in cash or 0.8935224 of a share of new Penn Central preference stock for each GK share. This puts a value of about $528m (£221m) on GK Technologies, but Penn's obligation to pay cash is limited to $225m (£94m).

The price tag represents a premium of more than 50 per cent over GK Technologies' recent share price of $29, though the stock gained more than $2 at the end of last week on takeover rumours. However, Penn Central has proved an aggressive *bidder since* it got back on its feet last year, and it has large sums of unused tax-loss carry-forward to put towards takeovers.

At the end of last year, Penn Central bought Marathon Manufacturing, the large oil engineering concern and then owner of *the ailing rig* yard on Clydebank in Scotland which has since been sold to a French engineering group for $330m.

# Coral 'unfit to hold licences'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BREACHES of the gaming laws and crimes involving dishonesty, committed at the Coral Leisure Group's four London casinos made the group unfit to hold gaming licences, a QC alleged yesterday.

The offences included theft, fraud and permitting unlawful credit gaming, Mr. John Marriage, QC, for the Metro*politan* Police Commissioner, told South Westminster Licensing Justices.

Coral staff involved ranged from the most junior cashier to Mr. Bernard Coral, the group's gaming division chairman, he said.

The police and the Gaming Board are applying for cancellation of gaming licences at three casinos: the Palm Beach, Curzon House and International Sporting Club. They also oppose renewal of the licences.

The fourth casino, Crockfords, is not directly involved because it is outside the licensing justices' jurisdiction.

Mr. Marriage said that between 1974 and 1978, Coral's four London casinos witnessed a variety of crimes involving dishonesty.

Some were committed by employees to line their own pockets. But some were committed on the orders of senior staff for the group's benefit—in particular, to induce people to game at Coral's rather than elsewhere by offering "certain services outside the law.

"On two occasions when serious *matters* came to light, it was sought by those responsible to conceal them from the police, the Gaming Board, and the auditors and shareholders of the Coral group as a whole. That was obviously done with the primary intention of avoiding any proceedings relating to the gaming licences.

"Throughout, senior management were determined to protect their gaming licences, no matter what breaches of the law occurred and were discovered," Mr. Marriage said.

Mr. Alan Watts, former deputy group managing director, arranged the transfer of £67,104 to a friend in West Germany on the pretext that the man was carrying out public relations functions for Coral, Mr. Marriage alleged.

Using a method of false advances, Mr. Watts unlawfully gave himself £5,000 a week from the Palm Beach between March, 1974, and August, 1975.

One of the worst features of that was that it involved corrupting at least four casino staff, Mr. Marriage said.

By that method Mr. Watts, who had since left the country, benefited at Coral's expense by more than £340,000.

More serious in the context of the licences was that Mr. Watts conspired with Bernard Coral and Dudley Murray company secretary, over a secret bank account.

The purpose of the account was to conceal the fact that credit facilities were being unlawfully granted to punters in Crockfords and Curzon House, Mr. Marriage said.

The hearing continues today. It is expected to last two months.

In other proceedings, Mr. Bernard Coral and Coral casino employees or former staff face criminal charges. Mr. Coral has been remanded on bail until September 21 on 12 charges. Others have been remanded or committed for trial.

Continued from Page 1

# Public sector pay

about the way its recommendations have regularly been re*duced and said in its report* that it doubted whether it was worth continuing the work.

This muted version of the anger that has sometimes been felt by the chairman, Lord Boyle, a former Conservative Cabinet Minister, was partially responsible for the Govern*ment's decision, also announced* yesterday, to give Ministers direct responsibility in future for fixing the salaries of top personnel.

No precise plans were spelt out, but the Prime Minister told the Commons that in future "these salaries will be determined by the Minister concerned in each case, with the approval of the Minister for the Civil Service."

A statement issued by the National Industries' Chairmen's Group strongly criticised the *Government* for cutting back on the increases and for not consulting the chairmen in advance on what was to be done about the Boyle recommendations.

But it welcomed the statement that new arrangements are to be introduced and hoped to be involved in discussions with Ministers about how this could be done.

One of the problems which wil lremain despite the change for the Government, will be to balance the need to pay high salaries in the international management market while at the same time maintaining credibility in present economic policies.

# Weather

**UK TODAY**

Sunny intervals and scattered showers. Most eastern districts cool and cloudy. Normal temperatures in western Scotland.

**London, S.E., E. England, E. Anglia**

Rain and hill fog at first, becoming brighter. Max. 17C (63F).

**Isle of Man, Lake District, W. Scotland**

Sunny periods, showers, cool in places. Max. 17C (63F).

**N.E. England, E. Scotland**

Fog patches with occasional rain, brighter intervals. Max. 15C (59F).

**Outlook:** Showers or longer outbreaks of rain. Some sunny intervals, mainly in the west.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 23 | 73 | L. Plms. | S | 24 | 75 |
| Algiers | S | 31 | 88 | Lisbon | C | 23 | 73 |
| Amsdm. | C | 15 | 59 | Locarno | C | 22 | 72 |
| Athens | S | 27 | 81 | London | C | 17 | 63 |
| Barclna. | S | 24 | 75 | Luxmbg. | C | 14 | 57 |
| Beirut | S | 28 | 82 | Luxor | S | 38 | 100 |
| Belfast | R | 15 | 59 | Madrid | S | 31 | 88 |
| Belgrd. | S | 27 | 81 | Majorca | S | 25 | 77 |
| Berlin | R | 20 | 68 | Malaga | S | 24 | 75 |
| Biarritz | F | 22 | 72 | Malta | S | 29 | 84 |
| Bmghm. | C | 16 | 61 | Mchstr. | C | 16 | 61 |
| Blackp'l | C | 17 | 63 | Moscow | R | 14 | 57 |
| Bordx. | R | 19 | 66 | Munich | F | 20 | 56 |
| Boulgn. | C | 15 | 59 | Naples | S | 24 | 75 |
| Bristol | C | 17 | 63 | Nwcstl. | C | 15 | 59 |
| Brussels | C | 16 | 61 | Nice | F | 23 | 73 |
| Budpst. | C | 18 | 64 | Oporto | R | 17 | 63 |
| Cardiff | R | 15 | 59 | Oslo | R | 17 | 63 |
| Cologne | C | 19 | 66 | Paris | C | 18 | 64 |
| Cpnhgn. | S | 19 | 66 | Prague | C | 21 | 70 |
| Corfu | S | 27 | 81 | Reykjvk. | C | 12 | 54 |
| Dublin | C | 13 | 55 | Rhodes | S | 27 | 81 |
| Dbrvnk. | S | 26 | 79 | Rome | S | 25 | 77 |
| Ednbgh. | C | 16 | 61 | Salzbrg. | F | 23 | 73 |
| Faro | S | 31 | 88 | Stckhm | F | 20 | 68 |
| Florence | F | 25 | 77 | Strasbg. | C | 20 | 68 |
| Frankf't | C | 19 | 66 | Tangier | S | 25 | 77 |
| Funchal | S | 23 | 73 | Tel Aviv | S | 27 | 81 |
| Geneva | S | 21 | 70 | Tenerife | C | 19 | 66 |
| Gibrltr. | S | 22 | 72 | Tunis | S | 29 | 84 |
| Glasgow | C | 17 | 63 | Valencia | S | 28 | 82 |
| G'rnsey | R | 12 | 54 | Venice | S | 23 | 73 |
| Helsinki | C | 17 | 63 | Vienna | C | 22 | 72 |
| Invrnss. | C | 15 | 59 | Warsaw | F | 19 | 66 |
| Istanbul | S | 28 | 82 | Zurich | F | 20 | 68 |
| Jersey | R | 14 | 57 | | | | |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.



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